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MARKETING & MEDIA DECISIONS

NOVEMBER 1989 • $4.00

MEDIA'S NEW SEERS

All agencies agree that there is a real need for more and better strategic thinking about media. But how to do it? Enter "the media strategist."

Judy Black looks ahead and brings her insights to day-to-day thinking at Bozell.

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NINTENDO'S GAME INVADERS

The leader is taking on new comers as it enters the Christmas crunch.

TV'S INVISIBLE VIEWERS • VODKA'S CROWD

MARKETING & MEDIA DECISIONS

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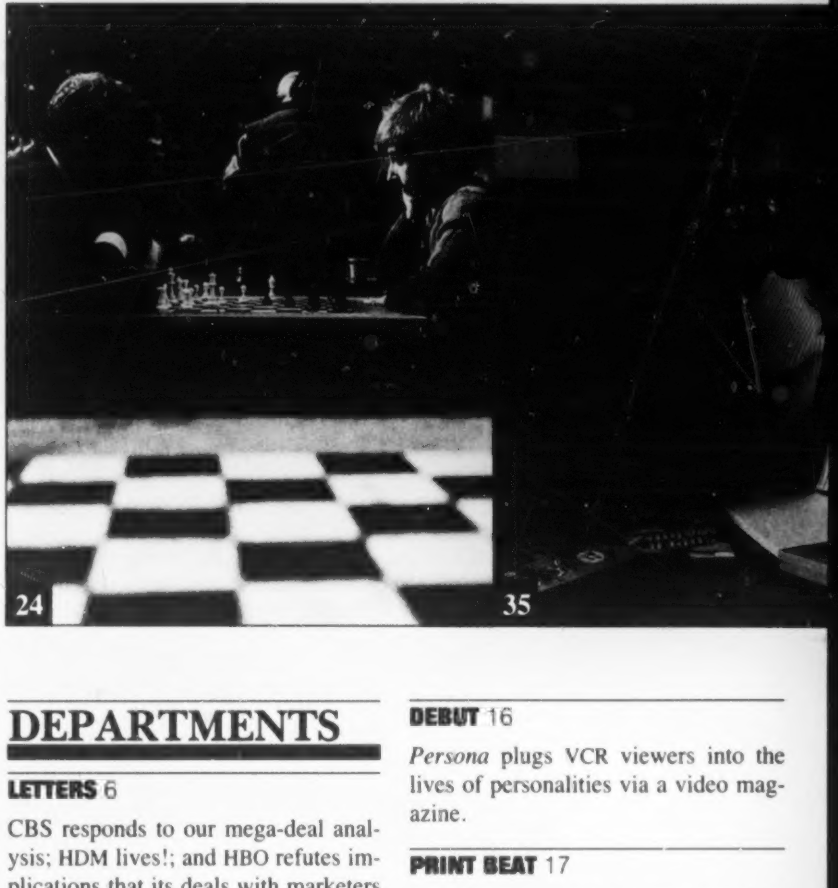
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November 1989, Vol. 24, No. 11

Cover photograph by Bill Westheimer

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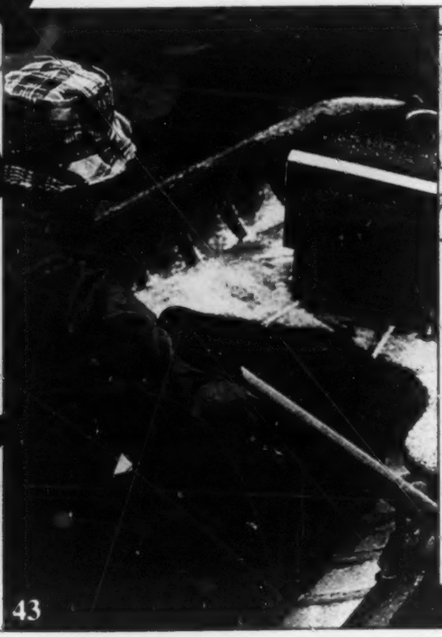

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The second of a two-part look at radio in the 1990s.

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TV TO GO

This month, Nielsen sets out to get a fix on out-of-home viewing. The agencies' response is, good luck.

RALPH COWAN/FPG

by Richard Tedesco

It's a typical day in America. College kids in the student lounge put aside Chaucer for *Days of Our Lives*. Aging baby boomers work out at the gym to the video beat of MTV. The homeward-bound stop off for a beer and the evening news at their neighborhood hangout.

Television is everywhere, and so are its viewers. But one fact separates these casual watchers from their at-home neighbors: They are invisible when it comes to measuring the audiences of the shows they watch.

After dramatic declines in tv ratings for broadcast over the past few years, some network execs are more determined than ever to bring these elusive viewers into focus and into the ratings tallies. Cable, too, sees gains to be made. But questions of methodology, cost and quality have those on the buyers' side as skeptical as ever.

Television executives argue that the current tv ratings methodology is omitting a sizable segment of the tv viewing population, and most buyers are willing to grant them that point. Nielsen's efforts to date focus solely on in-home viewing, and that's what agencies pay for. "There is certainly out-of-home viewing, and I can certainly sympathize with the networks' desire to have it included in the audience," says Helen Johnston, vice president and director of media analysis for Grey Advertising. "But there is no way to measure it," she says.

Network executives disagree, and they're out to prove it. Several recent studies have sought to establish the validity of measuring the size and habits of the out-of-home audience.

So far in 1989, ABC has released results of two different surveys indicating large, unmeasured audiences for daytime and early-morning viewing and *Monday Night Football*. Among its findings were the following numbers:

SCOTT OSMON

While Esty's Winner acknowledges out-of-home viewing, he questions its scale and quality.

AUDIENCE IMPACT: SPORTS

(Monday Night Football, Oct. 24,1988)

	Adults Average Minute	% Added
Measured	26,700,000	—
* Unmeasured		
Bars (56%)	1,547,606	+5.8
Hotels (14%)	386,624	+1.4
College campuses (30%)	815,979	+3.1
Total unmeasured	2,750,209	+10.3
Total measured & unmeasured	29,430,000	

*Source: *R.H.Bruskin; A.C. Nielsen*

- *Monday Night Football* viewing may be as high as 10% outside the home.
- Early-morning network programs may draw an additional 7% among hotel viewers.
- Eight percent of all women viewing soap operas watch them while at work. (See charts for breakdowns.)

ABC's objective was to stimulate further research in this area, according to Richard Montesano, vice president of market research for the network. "The next step was to get Nielsen to do a large, valid survey," he says.

That is exactly what is underway now, as Nielsen Media Research sets out to conduct a nationwide survey this month. It expects 3,500 viewers to fill out personal (as opposed to household) diaries recording all of the viewing they do during the month in a study being co-sponsored by ABC, ESPN and NBC. Jonathan Dimling, executive vice president of Nielsen Media Services, says there's a "strong possibility" of continuing the study during next year's sweeps, as long as there's continued interest and support.

"It's a combination of reinventing the wheel and finding new ways of marketing your audiences," says Bob Niles, vice president of NBC research, in explaining the initiatives to establish some form of regular out-of-home audience measurement. "There are a number of areas that are worth examining," Niles observes. "The question is whether there is an affordable way to measure this audience."

The current research conducted by Nielsen is costing the co-sponsors a reported $100,000 each. That is presumably well worth the price to NBC, which produced some striking results in its own college-viewing study earlier this year. Commissioning a study that included 1,000 phone interviews with college students in 50 schools, NBC found:

- Nearly 50% of all college students (age 18-24) watch parts of NBC's late-night schedule, including *Letterman*, *Tonight* and *Costas*.
- Forty percent of college women watch NBC daytime serials.

One question among ad agency executives is whether the costs justify the means in trying to get a handle on what the out-of-home audience constitutes. "I'm not sure that the efforts needed to measure that audience justify the additional revenues the networks would gather," says Jayne Zenaty Spittler, vice president and director of media research for Leo Burnett.

Spittler acknowledges that to advertisers such as Miller Brewing or McDonald's, measurement of an audience segment like college viewers is potentially important. But she is pessimistic that a practical system of measurement can be implemented. And she expresses consensus among ad research executives who want the out-of-home audience measurement to remain segregated from in-home ratings.

The prime reason for that relates to questions about the quality of viewing done out-of-home. "I don't think there's any doubt there are viewers out there. But what is the value of those viewers compared to in-home viewers?" asks Steve Sternberg, vice president and manager of broadcast research for Bozell.

Aside from questions about just how significant the impact of out-of-home viewing would be on ratings, there is no way of quantifying the type of viewing being done.

"The out-of-home audience is sizable for particular programs," admits Tom Winner, executive vice president

AUDIENCE IMPACT: DAYTIME

(Network Daytime/Average Minute)

	Women 18+		% Added
Measured		10,670,000	—
* Unmeasured working women (54%)	293,804		+2.7
Female college (46%)	253,603		+2.4
Total unmeasured		547,407	+5.1
Total measured & unmeasured		11,217,407	

Source: *R.H.Bruskin; A.C. Nielsen

AUDIENCE IMPACT: NEWS IN HOTELS

(October 24-25,1988; Adults 18+ Hotel Viewing; Three-Network Average)

	Measured	*Unmeasured (Hotels)	% Added
Early-morning Network News	1,620,000	56,000	+3.5
Early-morning Network Programs	3,445,000	239,000	+6.9

Source: *R.H.Bruskin; A.C. Nielsen

and media director for Campbell Mithun Esty, New York. Significant out-of-home audiences are assumed for sports events, for example, particularly *Monday Night Football*, according to Winner, who says that viewing is counted as a bonus by the agencies. "But the question is whether they're really watching."

Agencies also figure there is more late-night and early-morning viewing than in-home ratings indicate. Bart McHugh, senior vice president for DDB Needham, says there have been conversations over the years with the networks about factoring in additional audience for the morning network shows. But McHugh, in backing the research, insists on the need to quantify those projected audiences. "I'm dealing with other people's money," says McHugh, "I've got to justify it."

In some cases the out-of-home audience is being factored into the price of tv spots by agencies, according to Richard Kostyra, executive vice president and U.S. director of media services for J. Walter Thompson. "If they suddenly show there are 10% more sports viewers, it doesn't change anything, because we've been paying for it," he reasons.

Despite the pessimistic view Kostyra expressed in a recent report he prepared for JWT on the practical prospects for out-of-home audience measurement, his agency shares in the general curiosity the advertising community has about that audience. "We're in favor of researching the audience and understanding as much as we can about it," reports Kostyra.

For broadcasters, the push for out-of-home measurement may take an ironic twist: While the broadcast numbers may grow, cable's may grow even more. MTV Networks commissioned its own college viewing study last year, which indicated that measurement of that audience would increase its viewership by 138%. The approach taken in the study, involving phone interviews with 3,000 college students, is an example of the innovation needed to create parameters of out-of-home audience research, according to Marshall Cohen, senior vice president of corporate affairs and communications.

"It needs to be quantified," says Cohen. "The way it's quantified, whether it's a diary or a phone survey, the methodology over time will shake out. I think you have to approach the problem from different directions."

MTV was invited to participate in Nielsen's November survey, but declined because of what Cohen calls the "ridiculous" $100,000 cost. He argues that phone surveys are, in any case, a more effective method of measuring a younger audience.

Whatever the immediate future of out-of-home research, it's clear some kind of track record must be established to make this audience a regular part of the buying process. "A considerable amount of research is necessary before anybody would really use it in negotiations with the networks," Bozell's Sternberg observes.

Buyers already assume many out-of-home viewers for certain programs.

Agency executives are naturally skeptical because they can see the networks' underlying motive — countering the continuing audience fragmentation and the declining audience share. And there is that elusive factor of viewing quality.

While his agency would particularly welcome some real measurement of the out-of-home sports audience, JWT's Kostyra says practical limitations dictate its position of continuing with in-home ratings as usual. "In everything we've looked at, the downside is greater than the upside," he says.

NBC's Niles argues that all parties involved have been "spoiled" by in-home data, and it's simply time to acknowledge that the increased mobility of people's social habits has changed the tv viewing picture. There are, for example, 10 million portable tv sets in the U.S., all unmeasured.

"What it boils down to," Niles says, "is we're trying to get smarter about our business." But the price of gaining knowledge about out-of-home viewing could dictate just how smart the networks ultimately become. ■

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from the carafe, musing over whether there was life after media.

"We know that your client depends heavily upon coupons to move product," Art trumpeted, flicking to slide 23. "New, non-traditional vehicles for dissemination are constantly being sought. Not only have we invented a new couponing vehicle, we have invented a new advertising form beyond a doubt. Introducing . . . *Advertising Magazine*!"

Aileen looked at the screen and saw what appeared to be an oversized magazine.

"This is a publication which contains nothing but advertising," Art continued. "No editorial to distract your customers. A veritable showcase for the manufacturers of our fair nation. The format is simple. There will be themed sections. Hake Flakes will appear in the Nutrition section. Each advertiser will be asked to contribute two pages of advertorial, which for Hake Flakes could consist of recipes, balanced diet descriptions or, if you prefer, testimonials. Immediately following the advertorial spread will be a Hake Flakes four-color bleed page ad — that's the minimum size we will accept — and across from the ad, the *piece de resistance*: a full page of coupons!

"I'm getting too excited, I know, but this is a revolutionary concept. You love it, Aileen, I can see you do by the gleam in your eye."

"You said that our Friendship Rate is $1 million for year one?"

"That buys category exclusivity for 12 issues and a total of 48 pages of advertising. It's fantastic!"

"What will your circulation be?"

"In year one we are planning a distribution of 850,000 per issue, 10.2 million annually. We will be at every major toll plaza in the country."

"You're going to sell it at toll booths?"

"No, we're going to give it away at toll booths. With the advertising revenue which we expect to make and the low overhead with which we can run this operation, we won't have to charge your audience one thin dime."

"Mr. Crony, if you distribute 10.2 million copies of the magazine, I quickly calculate a CPM of close to $100. If Hake Flakes were to run with *Advertising Magazine*, the client would probably have to stop advertising in all the other much more efficient, proven magazines we've recommended. I'm sorry, but it would be irresponsible — actually, impossible — for me to go along with this proposal."

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Arthur Crony began packing his equipment, smiling the brazen smile of a man holding all the marbles. "Honey, take my word for it. It's a done deal. In fact, your client may do it without you. Our rates are net. Why? Because I see this as a crossover vehicle. Is it advertising or is it promotion? Is it both? We'll let your client be the judge. When I meet her for lunch today, I'll be sure to let her know about your concerns. Be seeing you!"

Chauvinistic, patronizing, name-dropping. End-running the agency to sell directly to the client. All of the ingredients which combine to harden the hearts and arteries of media planners. "Crony-ism" is an affliction which could be wiped out in our time. Won't you help us? ■

RADIO

Dennis P. McGuire

Radio supervisor,
Ayer, New York

RADIO IN THE 1990s, PART II

During the 1970s, the national radio representatives had one function — sell spot time for their client stations. Not very much was done about marketing radio.

Change began with the concept of the unwired radio network. John Blair and Company first worked with unwired in the late 1960s. This was in reaction to the growth of wired network, particularly after ABC subdivided its network into four off-shoots: information, entertainment, contemporary and FM. The other major players at the time were CBS, Mutual and NBC.

Blair wanted to offer an alternative to the agencies and their clients to halt the loss of spot dollars to network. Blair decided to do the same as the

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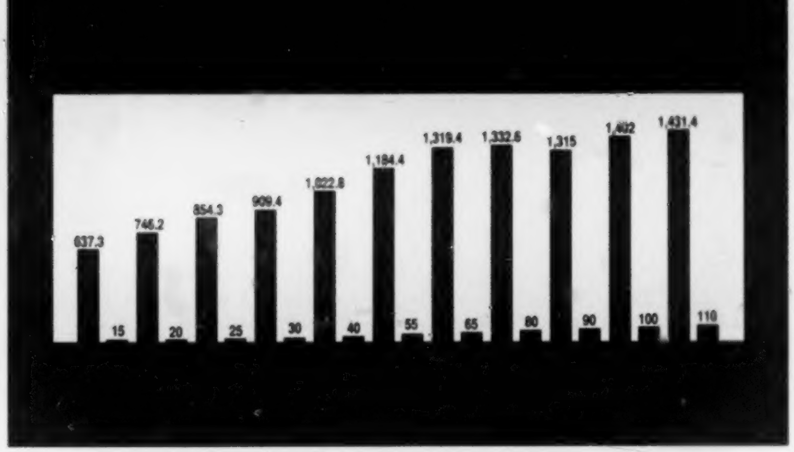

wired networks, only on an unwired basis. The stations, however, were given nothing in return in regards to compensation or better rates, and unwired floundered. Then in 1981 Ralph Guild of McGavren-Guild established Interep and the game began in earnest:

1981 — Interep established by Ralph Guild (McGavren Guild) with the start of Hillier-Newmark (out of Buckley, Pro Radio and Bernard Howard).

1982 — Internet born with the Interep purchase of Major Market. Katz Radio Group Network's foundation is formed with the Katz purchase of Christal and Republic. Supernet is formed by Eastman, Masla and Torbet.

1985 — Blair strengthens its radio list with the unification of Selcom and

dition of CBS. (There are now four major players.)

1987 — Katz buys Blair, reducing the field to two major players, KRGN and Internet, and one smaller player, Supernet.

1989 — CBS and Eastman withdraw from Supernet and form Independent Radio Networks. Torbet is enfolded into Internet.

Exhibit I details total unwired spending for the last ten years. As demonstrated, there has been constant increases in this area. Yet there is great potential for future growth — particularly if unwired radio is used as an expedient way for buying national spot campaigns. Exhibit I also compares total unwired spending to the expenditure of national spot dollars (which also include unwired spending).

The underlying concept behind the unwired nets is service as reps look to increase spot's role.

Unwired is not becoming an alternative to wired network, but rather a growing portion of national spot. There are, however, one or two caveats. I once wrote in an article that such an amalgamation of firms into unwired concerns may lead to conflicts of interest and the potential for price fixing. I was advised that the following act as protective measures against collusion:

- Reps don't control inventory and subsequent pricing.
- Stations are fiercely independent. Station managers must report to owners or boards of directors who want to see maximized profits.
- Individual salespeople at the reps are paid on commission for their lists. As such they have a vested interest in seeing that competition is kept alive and well.

We have the assurance that the unwired firms individually and collectively are in a non-collusive position,

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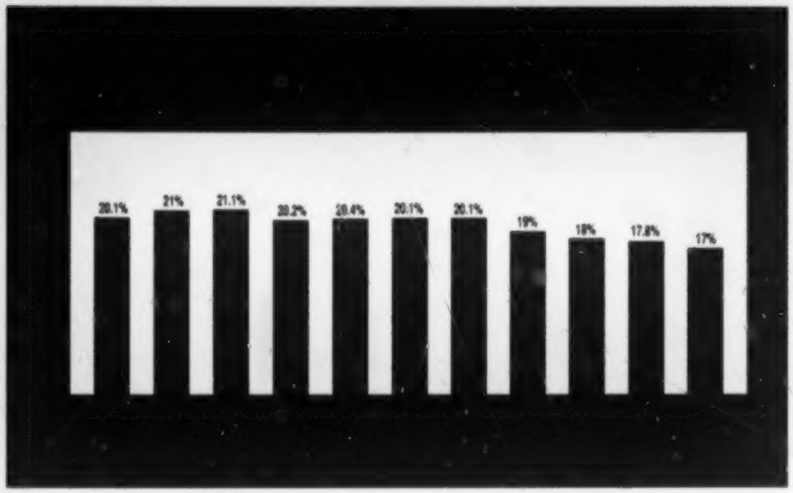

and we know that the various branches of the big outfits are in competition with each other. How does this benefit radio and who does it help? Well for one, it helped me and one of Ayer's clients, J.C. Penney.

By working with one salesperson from each of the unwired firms, our department was able to negotiate 14 events. In the process, 3,844 individual orders were negotiated for Penney. Only two Ayer employees were assigned this project. Backing up each of the three salespeople who called on the agency were teams of salespeople at the individual rep firms.

Now it is beginning to appear evident the underlying concept behind the "unwired networks" is service. The national reps want to be more than order takers — they want to be involved in the agency decision-making process when radio is discussed. And while the departments or organizational centers at the major reps have different names, their goal is the same — more spot dollars (see Exhibit II).

At Katz the division is called Katz Radio Group Marketing. According to Bonnie Press, vice president and general manager of KRGN, the department is responsible for marketing and business development.

At Interep and Supernet, the drive behind added spot dollars is a concept called the "Radio Store." The Radio Store, according to Bob Lion, regional executive for Interep and general manager of Supernet, is a metaphor for complete "customer service."

The national reps' goal is to become an integral part of a client's advertising plans. The rep will act as a "personal shopper" for the client or agency buyer where he or she can do their "one-stop shopping."

How is this to be accomplished? The reps want to be there not only to facilitate a radio buy, but to suggest ap-

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propriate uses of the medium during the planning process.

Young planners are making decisions and assertions about the potential use of radio. They don't have the long-term expertise of many of the radio executives at the reps, however. This is the hypothesis behind the "customer driven" thrust.

The agency and rep firm have specific features. For the agency it's a skilled creative staff, managerial control and competence and strong media expertise. The rep firms have relationships with hundreds of radio stations and skills and know-how about radio. These features can be channeled to the benefit of the client. The customer-driven philosophy will serve two goals:

Strategically: To keep money in radio and get more advertisers to utilize the medium.

Tactically: To keep the massive volume of paper work (coming out of increased radio usage) manageable and in line.

Assuming that the national firms succeed with their "strategic goals," support can be summed up in four points:

- Involvement in the planning as well as the buying process.
- Coordinate merchandising.
- Handle the increase of follow-through paperwork.
- Provide accountability (vis-a-vis affidavit of performance).

Finally, two other interesting developments are worthy of comment. One is format directed, the other springs from an individual station.

Let's first examine the format-directed change. Interep has established a separate selling division for classical stations so that, as Melinda Murphy, director of Classical Music Marketing, states, their classical stations don't "get lost in the shuffle." Murphy works at two levels — with the individual rep-firm account exec and with the client. She foresees combining her stations with other media, such as the Arts & Entertainment Channel on cable or the regional editions of upscale magazines. Rather than fight other media for dollars, she wants to integrate her stations with these options. The idea is currently being tested, and Murphy is a co-op employee of Interep and the stations, with compensation coming from each.

The other development in progress is station WXKS-FM's venture with coupon sampling. This Boston station is aligning itself with direct mail to publish "Sample America," a coupon "magazine" offering free items. The book is expected to be sent to over 1 million women 25-49 in the Boston ADI, or 94% of the universe.

Because of the nature of the promotion, the station is projecting a redemption rate of 12% (normal redemption is 2%-3%). The concept will be supported with on-air announcements for one month. The promos will also mention the participating clients' products.

A classical format is seeking alliances with non-radio media, and a station now pitches coupons in a direct-marketing deal.

This is a prime example of one station venturing out and experimenting with another medium. The station can generate new business by getting the participants in the coupon book to support their products on WXKS-FM.

In conclusion, what do we see for the 1990s?

- An increase in radio spending in all three areas — local and retail, wired network and national spot.
- A greater dependency on technological advancements.
- A more involved role on the part of the national reps to increase radio usage among existing clients and to attract non-users of radio to the medium.
- More innovative ways on the part of the stations and reps to represent their products.

Radio is an exciting and important medium. This importance has not been diminished by time but rather enhanced. ■

BRAND REPORT

No. 166: Intimate Apparel

INTIMATE DETAILS

by Brian Bagot

Pity the poor husband in search of a gift of lingerie. In the intimate-apparel department of his favorite store, he's confronted with rack after rack of garments in every conceivable size, shape and form — foundations, daywear, control tops, lounge wear, nightwear. And although he's probably ruled out the utilitarian, he's still going to be confronted by a dizzying set of choices. Even women can get confused with figuring out all the different looks — pretty, sexy, demure, sophisticated or all-out raunch — not to

INTIMATE APPAREL EXPENDITURES (000)

July 1989 – June 1989

BRASSIERES	Media Total	BAR Network Television	BAR Spot Television	BAR Cable Television	BAR Syndicated Television	RER Spot Radio	LNA Magazines	MR Newspapers	LNA Sunday Magazines	LNA Outdoor
Playtex	9,933.4	8,134.1	466.0	12.6	1,320.7	—	—	—	—	—
Warner's	930.4	—	11.1	—	—	—	919.3	—	—	—
Maidenform	2,603.5	209.5	1,938.0	2.2	—	18.0	400.3	—	35.5	—
Bali	3,566.5	—	17.4	—	—	—	3,478.6	—	70.5	—
Olga	812.1	—	—	—	—	—	812.1	—	—	—
Vanity Fair	1,372.2	—	1.2	—	—	—	1,335.5	—	35.5	—
UNDERWEAR										
Fruit of the Loom	4,191.0	2,252.6	19.9	—	—	—	1,918.5	—	—	—
Hanes Her Way	8,528.0	4,443.4	410.3	59.8	42.1	—	3,572.4	—	—	—
Jockey for Her	2,602.6	—	—	—	—	—	2,032.6	0.7	—	551.0
Gitano**	141.6	—	—	—	—	—	141.6	—	—	—

*Sources: Arbitron's Broadcast Advertisers Report (BAR), Leading National Advertiser (LNA), Radio Expenditure Reports (RER), Media Records (MR). *Spot radio is for 1988 expenditures. **Third and fourth quarters of 1988; no spending, first half 1989*

JULIA CRUZ McCAIN

mention the tons of styles and prices.

While the major marketers dominate their marketplaces, they maintain their holds with a wide variety of products designed to meet their market's every need or desire. Bra sales leader Playtex is likely to be promoting as many as six different brand names. And in the panty department, the ten leading panty brands are responsible for 75% of the department store unit sales, again with lines appealing to a wide variety of tastes, according to Deborah Press, vice president of apparel research at NPD Group, citing NPD's Post report.

Highlighting the competitive nature of the business are aggressive as well as unusual advertising campaigns from Playtex, Maidenform and Jockey, which take a different approach to the industry's traditional model-in-product ads. Playtex, for example, has dropped the mannequin bust and is using live models in its tv ads, while Maidenform is not even showing the product, but using sexy male stars to talk about lingerie. And the Jockey campaign uses "real women" from all walks of middle-class to upper-end life.

But despite these campaigns, Wanla Cheng, senior vice president at Saatchi & Saatchi, Bali's agency, feels the $2.6 billion bra and panty categories are under-advertised. The entire intimate-apparel market is about $6 billion, according to NPD. Yet the leading bra and panty brands only spent about $35 million in the rolling year ended June 30, 1989, says Leading National Advertisers, and half of that came from Playtex and Hanes, with everyone else chipping in for the other half.

"From a media standpoint, it's just a very under-advertised category," Cheng says. "I think one of the interesting things is that Warner's is a major player and yet spends under $1 million. In the last year, it probably didn't spend a half a million dollars."

Maidenform's Marilyn Bane, vice president of advertising, thinks the lack of tv ads is why there are no big dollars spent on the category. "The reason is that up until fairly recently, you couldn't show a woman in a bra on television," she says. "I think your heavy money is on television, and by the nature of our product, it's difficult doing justice to it from a number of different angles on tv."

In bras Playtex is the leader with 11% of the market, followed by Warner's with 7.5% and Maidenform with about 6.8%, based on industry estimates. But in department stores alone, which account for the largest share of bra sales, Warner's heads the list with 31% of the dollar share, and Maidenform follows with 28.2%. Total department-store sales in 1988 represented $428 million of the $1.5 billion bra business, according to the American Apparel Manufacturers Association, citing the KSA/NPD Purchase Diary.

National chains account for 23.1% of sales, says the AAMA, and most of these sales come from private-label entries. Penney's and Sears, for example, together control 19% of the bra market mostly with private-label goods.

Most of the "undies" brands use print as their primary medium, except Hanes and Playtex.

But in panties, the action is in the discount arena. Overall, this retail segment represents 36.1% of the category's unit sales. The brand leaders in this $1.1 billion segment are Fruit of the Loom and Hanes, with 8.6% and 6.6% of the market, respectively.

That puts a surprising twist on Jockey for Her. Although Jockey is the brand leader at the department-store level, with about 28%, when the discounters are put into the equation, the brand's share drops to about 2.8% of the $1.1 billion panty market. Private label is also strong and accounts for between 12%-15% of the total department store unit sales, according to NPD's Post report. Private label at the discount level is also a major factor but virtually impossible to track because of the tremendous amount of names used in the category.

With a broad base of women as the target demo, most of the bra brands use print as their primary medium, with heavy emphasis placed on the fashion magazines that include *Vogue*, *Cosmopolitan* and *Elle*, as well as women's service and lifestyle books, such as *Woman's Day*, *Self* and *Redbook*.

Playtex is the only brand to use tv exclusively, with the bulk of its ad dollars spent in network.

Panties rely primarily on print, with titles that include *Family Circle*, *Mademoiselle* and *People*.

With many of the brands not investing heavily in media buys, the real slug-out is on a product basis in the retail ring, with promotions like percentages off and buy-two-get-one-free. The industry as a whole runs semi-annual sales in January and June, and this year a special sale celebrating the 100th anniversary of the bra was held in August.

Co-op advertising is also an important element of the business, although none of the companies would comment on how much is spent. However, Peter Velardi, chairman and chief executive officer for Vanity Fair Mills, says his company gives retailers a 3% co-op deal based on orders that goes to catalogs, bill enclosures (a favored direct-mail technique) and other vehicles to push the brand at the local level.

Display has grown in importance, particularly in department stores, and manufacturers are making the category even more intimate with boutiques. This, according to Kurt Barnard, publisher of the *Retail Marketing Report*, is in response to the success of specialty retailers like Victoria's Secret, a national lingerie chain and mail house. "The department-store shop concept is being redeveloped as they try to forestall the impact from the kind of stores Victoria's Secret represents," says Barnard.

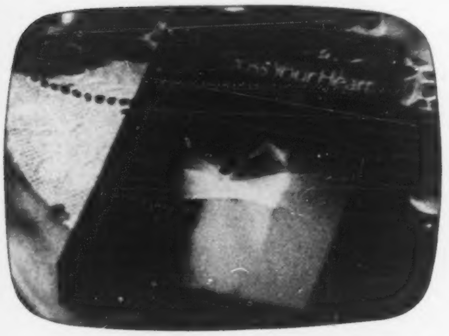
Looking at the success of Victoria's Secret, Olga is currently experimenting in Kaufmann's department stores in Pittsburgh with special fixtures pointing out the features of the Olga and Olga's Christina lines.

Following is an up-close look at how the leading bra and panty companies, ranked on industry estimates, fit into the market.

Playtex

Playtex, with about 11% of the total bra market, blazed a trail on tv in the spring of 1987 that no other intimate-apparel maker has yet to follow. The mannequin busts were dropped, and now living models are wearing the bras, sans leotard.

D.A. Hutnick, vice president, management supervisor at Grey Advertising, Playtex' agency, thinks that the rather loose ways of television programing these days has strengthened the intimate-apparel maker's argument to get the ads on the air. "Grey at that time had been doing international advertising for Playtex, and we were always shooting the women in the bras for international use. It seemed like the networks were starting to be a little bit more up to date with today's market," she explains. "They realized that the bra on a bust form or the model in a leotard with the bra over it clearly wasn't necessary."


Playtex is the only brand to use tv exclusively, mostly in network.

A unique strategy relegates ad dollars strictly to tv, to the tune of $10 million in the year ended June 30, 1989, with $8 million of that spent on network, including daytime on game shows and soaps as well as top-rated prime-time shows. The money was split between the two time periods.

And although Playtex has several lines, only two are advertised — Cross Your Heart and 18 Hour. Both are positioned for sale in moderately priced department stores against competing brands like Maidenform, Warner's and Bali. The line is targeted at women 18-54, the media target age is 25-49. The 18 Hour line also has a skew toward slightly older, full-figured women.

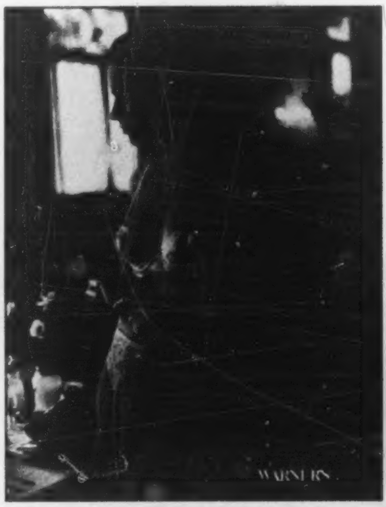
Print is not used, according to Robert R. Hall, vice president of marketing for Playtex, because there's "too much clutter in magazines, and we'll be one of a thousand. If you look in many of the women's and fashion books, there's just bra ad after bra ad. We feel that, with the dollars we have, consolidating them in one medium is appropriate."

Warner's

Warner's has about 20% of the entire intimate-apparel market in the top 100 department stores, according to Robert Mulrenan, president of Warner's, a division of Warnaco. And industry estimates give the brand about 7.5% of the total bra business, while it's number one in department stores with about 31%.

Warner's positions itself as a brand that can provide products to all women, from merchandise for young women who are just starting into bras to more mature figures. The brand is divided into four major groups, including Just Your Fit, which offers unstructured bras designed for young women with good figures.

Two others under the Warner's brand are its moderate-control and fashion lines, upscale bras available in a variety of types. The fourth group is full-figure bras targeted to women aged 40 and up.



Warner's position is that it can provide products for all women.

The media schedule for each varies as the target changes. For the Just Your Fit group, ads from Wells Rich Greene run in *Mademoiselle*, *Cosmopolitan* and *Seventeen*, while the control and full-figure styles get space in *Ladies' Home Journal*. The fashion bras run in the fashion-oriented books, such as *Cosmopolitan*. *People* magazine is also used when the brand has a major promotion, like its March sale, according to Mulrenan.

Media spending for the company's complete line of lingerie totaled almost $1 million in the 12 months ended June 1989.

Other promotions include a buy-two-and-save-$7 pitch, which runs twice a year, as well as a buy-two-get-one-free sale.

Cost is the prohibitive factor keeping the brand off tv, according to Mulrenan, although tv is used in a co-op program with Dillard's Department Stores in the West and Southeast.

Maidenform

Maidenform is taking an unorthodox approach to advertising its line of lingerie by not showing either the product or a woman, but rather a variety of sexy male movie and television stars talking about lingerie. When the campaign from Levine, Huntley, Schmidt and Beaver began back in '87, the two stars were Omar Sharif and Michael York. The next campaign featured Corbin Bernsen. The 1989 spokesman is Christopher Reeve.

Positioned as a department-store brand, Maidenform is targeting two age groups of women who will pay $15 and up for a bra. The primary demo is 18-34, while the secondary is 18-49. With this wide age group, different types of men had to be used in the campaign, according to Marilyn Bane,

MAIDENFORM
Maidenform bucks the trend and uses male stars for its lingerie.

Self and *Working Woman*. We really run the gamut."

And for its campaign that broke this month, the print ads have been updated to give more visual interest by the addition of more props. Prior to this the ads had the models in front of clean, abstract backgrounds.

"What we've managed to do is bring in more visual interest while enhancing the product and not taking any attention away from it," says Cheng. "We're also using more of the top fashion models."

Print cost the company $3.6 million in the year ended June 30, 1989, according to LNA.

Bali is estimated to have about 6% of the total bra market in sales volume, while in the department-store segment, it has 22.6%.

Olga

With two lines under the Olga brand, Olga and Olga's Christina, the company is targeting a slightly different consumer for each, according to Helen Lee, director of marketing services for Olga, another Warnaco division. Though both lines target upscale consumers in the basic demo who shop better department and specialty stores, the Olga customer tends to be a little more traditional, one who is concerned more with comfort than fashion.

The Olga's Christina consumer is a more contemporary woman, says Lee. She works out and is younger than the traditional Olga buyer. But Lee points out that "there are quite a few older women wearing the Christina products." There is also a Christina maternity line, which targets professional women in particular.

SHOW TIME BY OLGA.

Comfort with fashion is the theme for the Olga line.

Recognizing the different skews between the two lines, the ads from Wells Rich Greene tell a different story. The Olga line features models in a more traditional setting, while Christina's ads feature active lifestyles and have a more contemporary look and feel. Instead of a deliberate pose, she's running with the wind blowing in her hair.

The schedule is primarily print, with most ads running in *Cosmopolitan*, *Glamour*, *Vogue*, *Harper's Bazaar* and *Elle*. "We think of the fashion-conscious consumer, which is who we appeal to in both lines and who is reading those magazines," states Lee.

Television is not used, in part due to the expense. "For our size, we feel it's not the most efficient use of our money since we have a limited distribution," she says.

All spending was in print during the year ended June 1989 and totaled nearly $1 million, according to LNA.

Although Lee wouldn't say how much the company spends on co-op advertising, she did say it was where the most money was spent. "The stores feel it's very important, so we feel it's very important to participate with them," she states. "We participate in it but have less control over it, because the stores have their own style."

Olga has about a 14% share of the department-store bra dollar volume, while in the total bra market, its share is estimated at 3.5%.

Vanity Fair

The Vanity Fair line of intimate apparel, which covers bras, panties, robes and sleepwear, aims its marketing thrust at the medium- to better-priced department store's customer. The bra and panties segment is about 45%-50% of the company's volume, with the bra share holding on to about 3.5% of that market's total dollar volume. But in department stores, its share is about 11%.

The brand is also in the various size segments ranging from petite to large, creating a rather wide customer base, but the company's media target is the 30-35-year-old woman who is upscale and better educated. However, Peter Velardi, chairman and chief executive officer of Vanity Fair Mills, points out, "We appeal to women 18 to 60."

Based on the concept that lingerie is a sensual experience for women, explains Gay Wasserman, senior vice president, management representative at Vanity Fair's agency, Bozell Inc., "we really try to take what we feel represents the contemporary woman. Vanity Fair's posture has tended to be that lovely lingerie is something you do for yourself."

Vanity Fair

At Vanity Fair lingerie is something women do for themselves.

Velardi explains that the ads are not designed to sell the specific product featured, but "designed to position the image to the consumer with the Vanity Fair product. We've been running the same kind of advertising, non-gimmicky. We don't believe we needed to chase a fire engine in a Vanity Fair bra and panty," he says, referring to the classic Maidenform campaign. "That was not us, not the way we wanted to position our product with the consumer."

The strictly print campaign totaled $1.4 million in the period covered, and runs the gamut of fashion books, including *Elle*, *Harper's Bazaar*, *Mademoiselle* and *Cosmopolitan*. Some runs were also placed in *Redbook*.

Television is not used, according to Velardi, "because it's very expensive to do well."

Fruit of the Loom

Fruit of the Loom is positioning its line of women's panties for sale in the discounters like K mart, Jamesway and vice president of advertising at Maidenform.

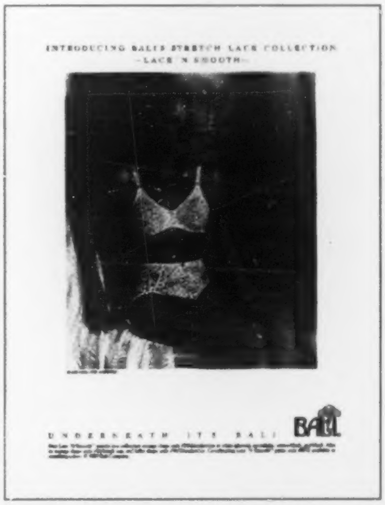
"We're using different men because they're appealing to different women," she explains. "Michael York was a debonair European, while Corbin was much more contemporary, with a mischievous boy quality to him." Reeve, she says, brings the wholesome boy next door kind of attitude, and each one of the men has hit certain chords with different women.

"We're trying from an advertising standpoint to go counter to any trends. One of the biggest problems we had before this campaign was that [bra ads] all looked alike," emphasizes Bane. "You could literally take the logo off anyone of those print ads and put it on another."

The campaign is in both tv and print. Television is a combination of network and heavy airing in top spot markets during prime time on programs such as *Murphy Brown*, *Designing Women* and *thirtysomething*. They invested $2.2 million in tv in the 12 months ended June 1989.

In print, a list of fashion magazines is used, including *Vogue*, *Harper's Bazaar*, *Mademoiselle*, *Elle* and *Cosmopolitan*. This cost about $500,000 during the period, according to LNA.

Industry estimates place Maidenform number two in department store sales, with about a 28.2% share, while in the overall bra market, Maidenform's share is about 6.8%.


INTRODUCING BALI'S STRETCH LACE COLLECTION
—LACE 'N SMOOTH—

UNDERNEATH IT'S BALI

BALI

Bali is giving more visual interest with the addition of props.

Bali

Bali, a division of Sara Lee Corp., positions its line for sale in moderately priced department stores, and in the past three years has updated its styles to give the line more fashion appeal. "It's really positioned for middle America. We're not in the mass-merchandiser area and not in the Bonwit Tellers of the world," says John Heanue, vice president of merchandising for Bali.

With its primary target women 25-54 with household incomes of $30,000 or more, the strictly print campaign is running in a long list of books, including *Cosmopolitan*, *Family Circle*, *Harper's Bazaar* and *Lear's*. "Basically, to try to attain and reach our frequency objectives, we use reach magazines like the women's service books. Then because we are a department-store and fashion-type product, we are also in the fashion magazines," explains Saatchi's Cheng. "We are also in the lifestyle/special-interest magazines and working-women magazines, such as

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Television's Campus Appeal Is Not Just Academic.

A new study reveals that television reaches the great majority of college students far more effectively than any combination of print. Research findings include extensive data on media usage, demographic profiles, student activities and lifestyles, and marketing motivations.

Planners logically turn to network television for mass audiences, but in the past lacked sufficient research to focus on television's exceptional ability to pinpoint specific groups. Now they have it, and it's available to help advertisers plan smarter, *more educated* campaigns.

NBC commissioned Survey Design and Analysis to conduct this research among a national probability sample earlier this year. Planning brochures on late night and daytime serials can be obtained by calling **(212) 664-7579** or writing **NBC Marketing, Room 4746, 30 Rockefeller Plaza, New York, NY 10112.**

NBC
Magna Cume Campus

My way is Hanes Her Way

Hanes speaks to women about their attitudes and feelings about undergarments.

Hanes

Hanes is the second-largest advertiser in the intimate-apparel category, behind Playtex, with $8.5 million spent on its Hanes Her Way brand of women's panties and bras. In the rolling year ended May 1989, the brand had 6.6% of the panty market.

Positioning its brand in the mass merchandisers and with a media target of women 18-44, Hanes is using a creative that speaks to women about how they feel and want to feel about their clothing and undergarments. "We position our panty as a pretty panty that's comfortable. With the slogan 'My Way is Hanes Her Way,' it makes the consumer feel the garment is being made for her," explains Mark Noyes, product manager for Hanes Her Way.

Three flights from Long, Hames & Carr, Winston-Salem, N.C., run on primarily network tv three times a year — during the back-to-school, Christmas and spring selling seasons. Television spending for the year ended June 30, 1989, totaled almost $5 million, with most of the dollars going to high-impact shows such as *Cosby*, *Roseanne* and *Designing Women*. "These shows are appealing to our target and have high visibility and loyalty," says Noyes.

In print, which LNA says cost Hanes $3.5 million in the period, a diverse selection of titles was used, including, *Family Circle*, *Cosmopolitan*, *People*, *Glamour* and *Seventeen*.

The brand is also being extended,

according to Noyes, who says a fleece program and socks are being test marketed. "We offer a mega-brand concept to retailers so they can capitalize on the visibility that Hanes Her Way is generating now," he says.

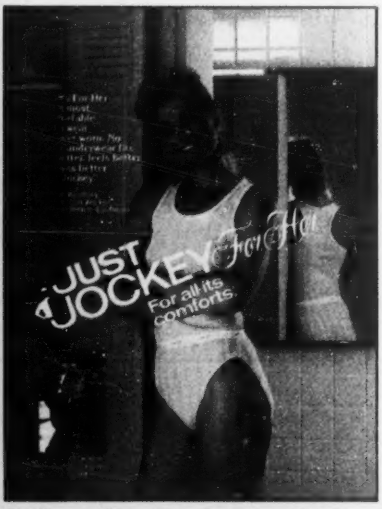
Jockey

Jockey has taken an unusual approach to its ad campaign by spinning off from its men's underwear ads to feature "real" women wearing Jockey for Her. Doctors, dentists, a grandmother and a construction worker have all posed for and in Jockey for Her in a print campaign that cost $1.8 million in the rolling year ended June 30, 1989, according to LNA.

Bill Herrmann, senior vice president of advertising for Jockey's in-house agency, Thorobred, says Jockey uses women from everyday life, allowing the company to match up the women and their lifestyles to the magazine reader. "We would not advertise a 59-year-old grandmother banker in *Seventeen*," he says.

The primary target groups are the 18-35- and 36-49-year-old department-store shopper, although girls younger than 18 are wearing the brand, which accounts for ads in *YM*. And to the older end of the market, ads run in *New Choices* as well as *Modern Maturity*. Other titles include *People*, *Cosmopolitan* and *Mademoiselle*.

Out of the top 100 department stores, Jockey has about a 28% share



Jockey enlists "real women" to pitch the comfort of its brand.

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Consider *AmericanWay*. Where readers have a median household income of $102,000. That's the kind of buying power you'll get with every buy.

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of sales, according to Howard Cooley, president of Jockey. Industry estimates peg Jockey's share of the panty market at 2.8% in the year ending May 1989.

With underwear a gifty item, the brand gets a big push during holiday season. These include Mother's Day, Christmas and back-to-school. In addition, there is also a "Get Acquainted with Jockey" retail price-break promotion run during the holidays.

Unlike Playtex, Jockey thinks tv has too much noise and sticks primarily with print. "If we place our ads in the proper print media, we think we have a better chance of reaching our audience," says Herrmann. "Plus the fact that when we like to advertise, which is the holiday season, there's an awful lot of noise on television, and we think our money is better spent in print."

Not just limited to bottoms, Jockey markets tank tops, camisoles, crop tops and a non-structured bra that doesn't have cup sizes. Jockey is considering the possibility of entering the bra market with a full line of structured bras for next year, meaning the brand will go head to head against Maidenform, Vanity Fair and Warner's.

Gitano

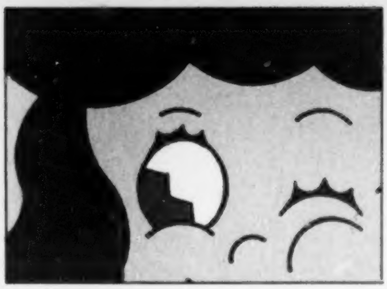
Gitano considers itself an upscale brand developed for marketing through mass merchants and discounters, with the main target middle- and lower-income women. And with consumers associating the brand with upscale department store merchandise, the advertising addresses the aspirations of these consumers.

But despite its upscale, youthful image created by the ads, which for the brand's line of basic and fashion panties was done mostly in print at a cost of $141,600 for the year, according to LNA, the primary customer is 25-54.

Since entering the market late in 1986, the brand has battled the powerhouses of Fruit of the Loom and Hanes and has been able to secure about 3.1% of the panty business.

In addition to its strong mass merchant business, there is also a Linea Gitano label that is distributed through department and specialty stores.

Ads generated from The Ad Group, Gitano's in-house agency run in *Good Housekeeping*, *Cosmopolitan* and *Self*. ■

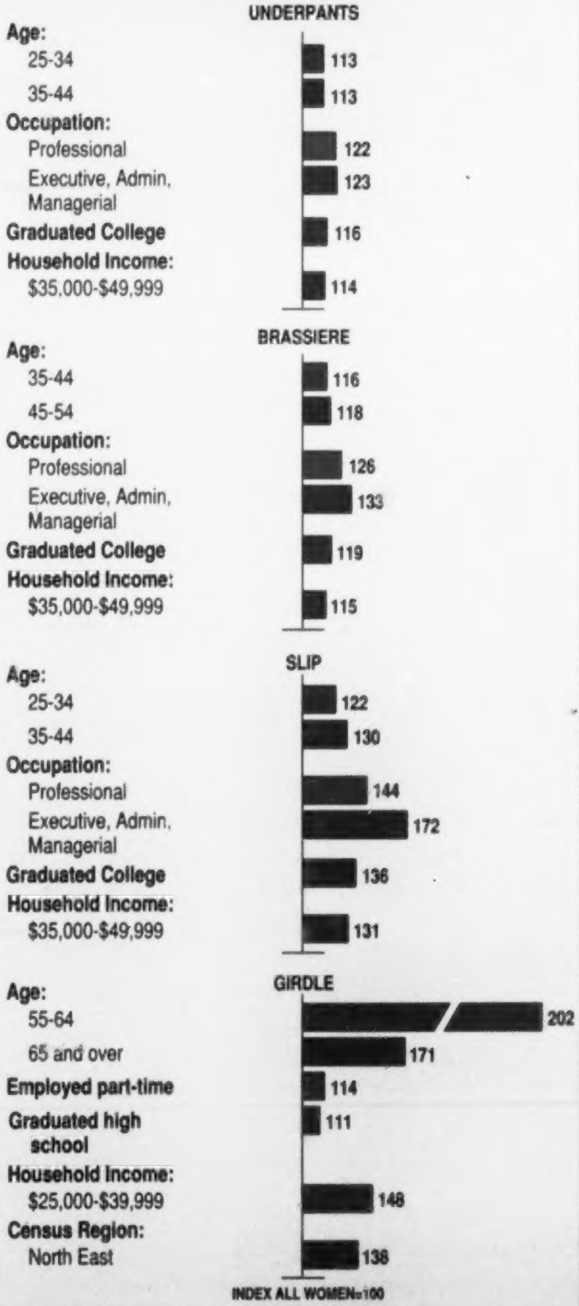


BRAND REPORT INDEX

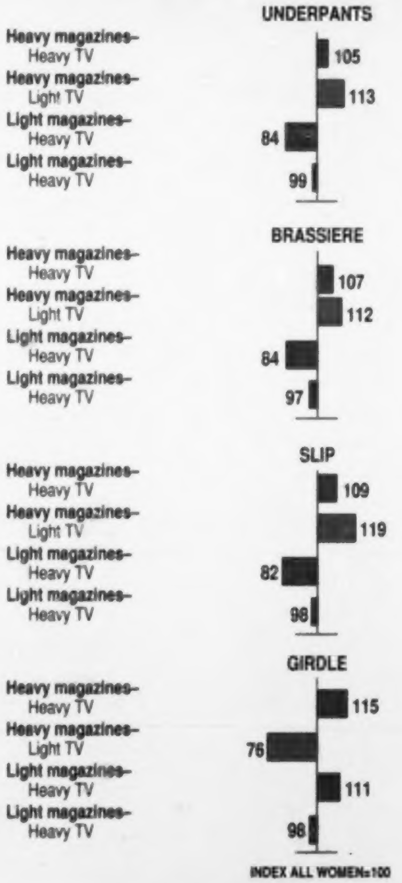
INTIMATE APPAREL

How to read: Our indices of user demographics and media preferences are used to indicate the direction and amount of difference from the average. The index of the average is, by definition, 100. Thus, an index of 112 reflects a 12% above-average incidence. An index of 89 indicates an 11% below-average incidence.

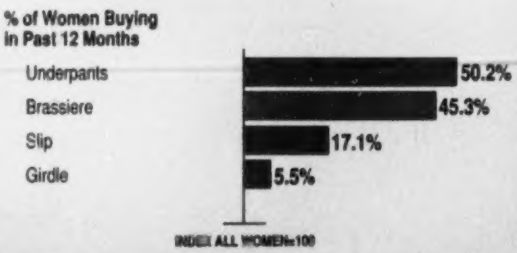
KEY DEMOGRAPHICS: BUYERS OF WOMEN'S INTIMATE APPAREL



MULTI-MEDIA EXPOSURE BUYERS OF WOMEN'S INTIMATE APPAREL



PURCHASES OF WOMEN'S INTIMATE APPAREL



Source: Mediamark Research Inc. Spring 1989

PULL OUT

SALES PROMOTION

by Russ Bowman

1990: MORE DATES, FEWER PLAYERS

The promotional media schedule for 1990 (see other side) reflects a stabilization of the tried and true. It also displays a concentration of power that resembles the trend among marketers who buy all these coupon programs.

Last year's major purchase of two free-standing insert (FSI) companies by Rupert Murdoch put the entire multi-million-dollar FSI business in the hands of the Australians and, more importantly to the FSI business, brought about better price stability. As the FSI prices came out of the "bargain basement" category, comparisons with other couponing methods began to look more realistic.

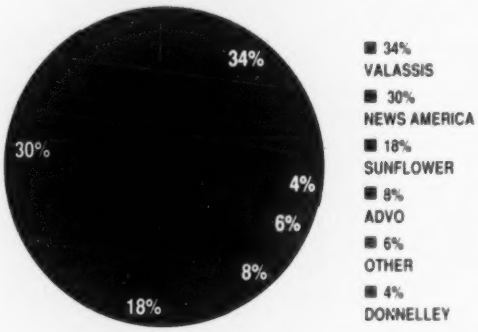
The 1990 promotional media calendar lists 279 dates (compared to 259 in 1989, 269 in '88 and 236 in '87). That's an 8% increase, following a 5% decrease in available dates last year. This up-and-down pattern doesn't seem important on the surface, but the new factor is the shift in power and concentration. The 1990 schedule for the first time shows two companies (Valassis and News America) account for 179 out of the total 279 available promo dates.

Recently both companies announced expanded schedules for 1991. First Valassis announced an increase to 46 dates. Then Rupert Murdoch's News America division announced it will publish FSIs every week in 1991, even on holiday weeks. The News America package for 1991 will consist of 34 Product Movers issues and 28 Quad issues — six more issues than 1990. Now, once again, it remains to be seen if these increases will represent more supply than demand.

(For those who follow the legal implications in the promotion/media industry, the civil action suit by Product Movers vs. Valassis, reported in last year's annual report, was dismissed by the Federal Trade Commission because the commission doubted that provision of coupon inserts represents a relevant market that could be monopolized by predatory pricing.)

Three programs listed on last year's annual *M&MD* calendar didn't make it this year (Metromail's Red Letter Day, Act Media's Act Direct and Gannett's Four-Color Newspaper Network co-op couponing programs went out of business). Two new companies and their programs have been added — Bell South's Cable Direct and Murdoch's *TV Guide* Couponing.

SHARE OF PROMOTION DATES BY COMPANY, 1990



Cable Direct is the most venturesome entry, with a national mailing to 34 million primarily cable tv subscribers, supported by three weeks of advertising on local cable tv channels. According to Dick Keller, vice president of sales for Cable Direct, "In 1989, 58 companies and 81 different brands tested the concept," known as "The Brand Book."

Incidentally, the Cable Direct television support seems to reflect a trend toward broadcast support in the promotional media business. Product Movers and Quad FSIs are already being supported with national tv commercials on daytime network and programs such as *CBS Sunday Morning*. Larry Tucker direct mail co-ops will be supported by television spots on daytime game shows starting in 1990, and Valassis has added support of its FSIs on in-store POP Radio. The POP Radio spots will run in 7,000 food stores and 8,000 drug stores. Those spots will deliver 88 million grocery shoppers a week and 240 million drug store shoppers a month.

One unique entry in the coupon distribution arena comes from Stratmar Systems, the company that currently markets and administers Shoppers Pay Day. Stratmar has teamed up with the American Cancer Society to offer manufacturers of healthful products a six-state test for April 1990. The coupons will be distributed in booklet form directly to homes by the American Cancer Society fund-raising volunteers. The test in Minnesota, New York, Oregon, Pennsylvania, Texas and Washington will reach 4.5 million households.

Another emerging trend is a broader perspective on the "Promotion Media Plan," a more thorough document integrating both external promotion media, such as FSI and direct mail, and in-store media, such as POP Radio and POP Media/Act Media. There's even a new promotion media planning tool from one of the major research sources in the country. MRI has introduced "Promomark," a survey of consumer attitude and use of promotional offers by product category, available in book form or "on-line." ■

MARKETING & MEDIA

DECISIONS

1990 Promotional Media Calendar

	FSIs			IN STORE		ROP		MAG	DIRECT MAIL*				
	Val	Prod Mov	Quad	Act Now	SPD	Val	Sun	TVG	CW	MB	LT	CD	SN
JAN 7	X	X	X	X		X	X	X	X				X
14	X	X	X			X	X	X		X			
21	X		X			X	X				X		
28	X	X				X	X	X		X			
FEB 4	X	X	X			X	X		X				
11	X	X				X	X	X		X			
18	X		X			X	X						
25	X	X				X	X	X		X			
MAR 4	X		X	X		X	X		X				
11	X	X				X	X			X			
18	X	X	X			X	X	X					
25	X	X				X	X	X		X			
APR 1	X	X	X			X	X	X	X				
8	X	X				X	X						
15						X	X						
22			X	X		X	X						
29	X	X				X	X	X		X			
MAY 6	X	X				X	X				X	X	X
13	X	X	X			X	X	X	X	X			
20	X	X	X	X	X	X	X	X					
27						X	X			X			
JUN 3	X	X	X			X	X						
10	X	X				X	X			X			
17	X	X	X			X	X	X	X				
24	X	X				X	X	X		X			
JUL 1	X					X	X	X					
8		X	X			X	X						
15	X	X				X	X			X			
22	X	X	X			X	X						
29	X	X				X	X			X			
AUG 5	X					X	X	X	X				
12	X	X	X	X		X	X	X		X			
19	X	X				X	X						
26	X	X	X			X	X	X		X			
SEP 2								X					
9	X	X	X			X	X			X		X	
16	X	X				X	X	X	X		X		
23	X	X				X	X						
30	X		X			X	X	X		X			
OCT 7	X	X	X	X	X	X	X						X
14	X	X				X	X	X	X	X			
21	X	X	X			X	X	X					
28	X					X	X	X		X			
NOV 4	X	X	X	X		X	X						
11	X	X	X			X	X		X	X			
18						X	X	X					
25	X	X				X	X						
DEC 2	X		X			X	X						
9	X	X				X	X			X			
16						X	X						
23						X	X						
30						X	X						
TOTAL	43	36	24	7	2	52	52	24	10	21	3	2	3

** Direct Mail dates reflect beginning of "drop" period. Compiled by Westfield Marketing Inc.*

KEY TO HEADINGS	**FSI**	**IN-STORE**	**ROP**	**MAG**	**DIRECT MAIL**
	Quad Valassis Product Movers	Act Now Shoppers Pay Day	Valassis B&W Sunflower	TV Guide	CW. Carol Wright MB. Mailbox Values LT. Larry Tucker CD. Cable Direct SN. Select N' Save +

ECONOMIC EYE

VIEWING PLEASURE

According to Nielsen Media Research, households had their tv sets on an average of seven hours, two minutes a day during the 1988-89 broadcast year. Ten years ago, sets were on almost six-and-one-half hours a day. And, 30 years ago, early couch potatoes watched five hours each day.

MAGAZINE AD SCORECARD	Ad Pages Sept. 1989	% change from Sept. 1988	Dollars spent (000)	% change from Sept. 1988
1. Skin care, Creams, Lotions and Oils	247.60	71.2	5,521.5	77.2
2. Lip and Eye Beauty Products	136.78	-27.4	6,439.7	11.0
3. Scents and Fragrances	226.98	-1.7	6,955.2	16.2
4. Facial Makeup Products	91.16	-40.6	3,925.6	-40.8
5. Prepared Dinners and Entrees (including pizzas)	36.78	30.5	2,116.9	+19.2
6. Liquor	370.93	3.1	15,998.4	-3.1
7. Cigarettes	549.93	-17.1	32,595.0	-9.0
8. Soaps and Detergents	46.86	53.4	3,432.4	72.4
9. Passenger Cars, Domestic	173.04	-12.4	10,307.0	-14.0
10. Passenger Cars, Imported	558.66	30.6	27,567.3	35.1

Source: Publishers Information Bureau as prepared by Leading National Advertisers.

MEDIA COST INDEX

(The Media Cost Index is based on unit costs, which are the end-product of circulation/audience and CPM adjustments. They do not represent the efficiency of a given medium, only the out-of-pocket costs.)

1985 = 100	1988		1989											
	Dec.	% change	Jan.	% change	Feb.	% change	March	% change	Apr.	% change	May	% change	June	% change	July	% change
Network TV																
Daytime	73	−10	77	−17	68	−15	68	−15	72	−7	67	−12	63	−14	71	−11
Nighttime	109	−2	122	+8	120	−19	125	+11	112	+13	127	+16	112	-8	125	+14
Spot TV																
Prime time	129	+5	141	+10	127	−2	125	−4	131	+5	126	+0.3	131	+5	—	—
Daytime	99	−6	116	−5	120	+11	97	−1	100	+5	101	−1	93	−0.2	—	—
Network radio	119	+12	158	+8	142	+10	139	+15	128	+10	131	+13	126	+8	121	+19
Spot radio	110	−3	-	-	-	-	118	+12	-	-	-	-	118	+17	—	—
Consumer magazines	119	+6	122	+6	122	+6	122	+6	122	+6	122	+6	123	+7	123	+7
Natl. Sunday magazines	130	+10	129	+10	129	+10	129	+10	129	+10	130	+12	130	+12	130	+12
Business publications	120	+7	119	+2	119	+2	119	+2	119	+2	123	+6	123	+6	123	+6
Newspapers	124	+7	131	+5	131	+6	131	+6	132	+6	131	+6	—	—	—	—
Outdoor	137	+11	137	+11	137	+11	132	+8	132	+8	132	+8	132	+8	132	+8

Notes: Percentage shown is relative change from the same month/period the year before.
*Revised

Sources:

Nighttime Network TV- Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service.

Daytime Network TV- Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service.

Network Radio- Cost per average 30-second radio announcement from BAR's Network Radio Service.

Consumer Magazines estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn.

National Sunday Mags estimate based on published (rate cards) costs of a page, four-color in the national entries.

Daily Newspapers estimate based on Newspaper Advertising Bureau report of SRDS costs per column inch of a sample of 784 newspapers weighted to represent the universe.

Outdoor Posters based on estimate prepared by Institute of Outdoor Advertising.

Spot Radio index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

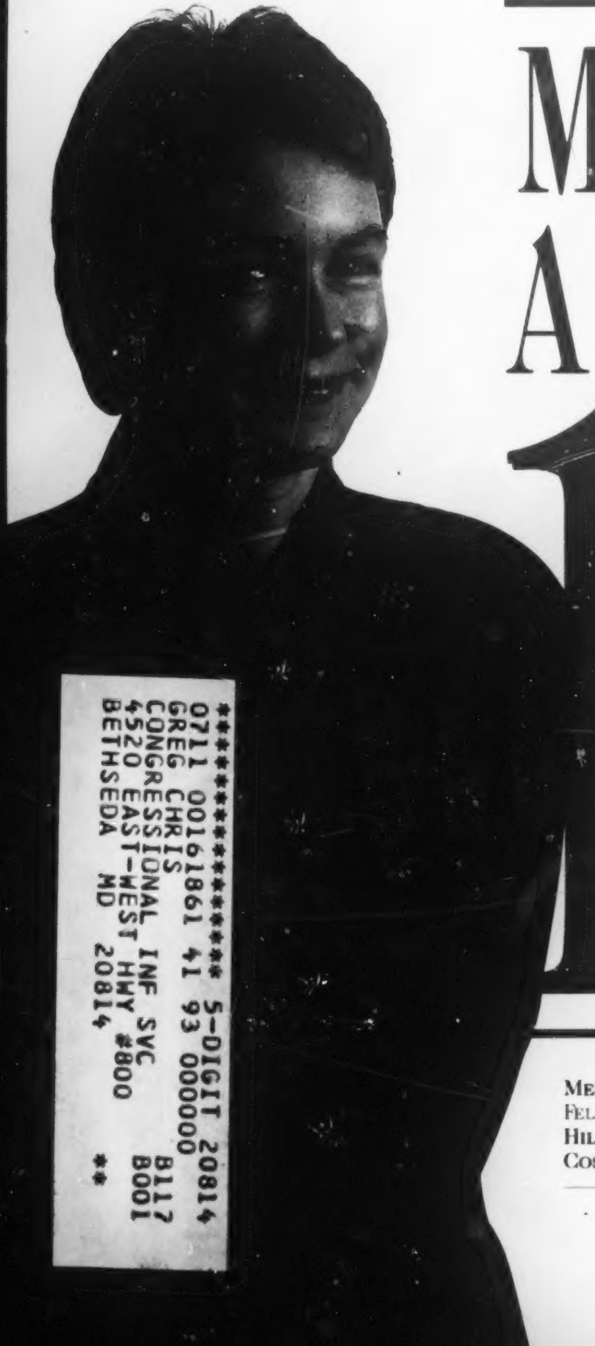
Business Publications estimates based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications.

C2950-3

MARKETING & MEDIA DECISIONS

DECEMBER 1989 • $4.00

MEDIA ALL·STARS 1989



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0711 00161861 41 93 000000
GREG CHRIS
CONGRESSIONAL INF SVC B117
4520 EAST-WEST HWY #800 B001
BETHSEDA MD 20814 **

MEDIA DIRECTOR
FELICE KINCANNON
HILL, HOLLIDAY, CONNORS, COSMOPULOS, BOSTON

MARKETING & MEDIA DECISIONS

COVER STORY

THE 1989 MEDIA ALL STARS

In each of nine areas of expertise, this year's All-Stars and their Star Watch colleagues have proven that creative thinking and innovative buying and planning can be the rule and not the exception.

MEDIA DIRECTOR: FELICE KINCANNON 36

What most people might consider extraordinary — helping land the Infiniti account for Hill, Holliday, Connors, Cosmopulos and being named general manager of the agency's Boston office — she's handled with aplomb. Star Watch: Ann Meschery, Backer, Spielvogel, Bates, New York.

ASSOCIATE MEDIA DIRECTOR: CINDY SCHULTZE BORGES 47

She can be tough, but co-workers and clients wouldn't have it any other way. Star Watch: Mark Stewart, J. Walter Thompson, New York.

NATIONAL TELEVISION: GERRI DONINI 57

Young & Rubicam's clients say she knows the networks better than they know themselves. Star Watch: Fred Dubin, NW Ayer, New York

LOCAL BROADCAST: JEAN POOL 65

When JWT lost Burger King's spot business, she led the recovery effort, replacing lost billings and more. Star Watch: Wendy Marquardt, Bayer Bess Vanderwalker, Chicago.

PRINT: KATRINKA SHARPE 75

Fallon McElligott's star strategist gets big results from small budgets. Star Watch: Mae Ling, Ammirati & Puris, New York.

OUT-OF-HOME: BOB ZACH 85

Though he heads up all media for Chiat/Day/Mojo, New York, Zach has a special affinity for outdoor. Star Watch: Mary Beth Berie-Henault, W.B. Doner, Baltimore.

RADIO: JILL GORDON 95

She's built a reputation as a tough negotiator, but as her work for DDB Needham clients Campbell Soup and VW proved, strategy is also a strength. Star Watch: Sherri Roth, DMB&B, New York.

BUSINESS-TO-BUSINESS: SHELLEY DENEROFF 103

Her switch to the AT&T account was a chance for Ogilvy & Mather's Shelley Deneroff to show just how effective b-to-b can be.

MEDIA RESEARCH: BOB WARRENS 111

J. Walter Thompson research head Bob Warrens has made it a "quest" to prove that advertising works. Star Watch: Joanne Burke, FCB/Leber Katz, New York.

BRAND REPORT 167: FAX MACHINES 129

As their marketing becomes more sophisticated, the entries struggle to differentiate themselves.

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LETTERS 6

Memos on media kits and an All-Star.

UPDATE 8

A look back at a year in the life of the 1988 All-Stars.

DIRECT MARKETING 14

A special 900 number and follow-up mailings back a mammoth drive for volunteers.

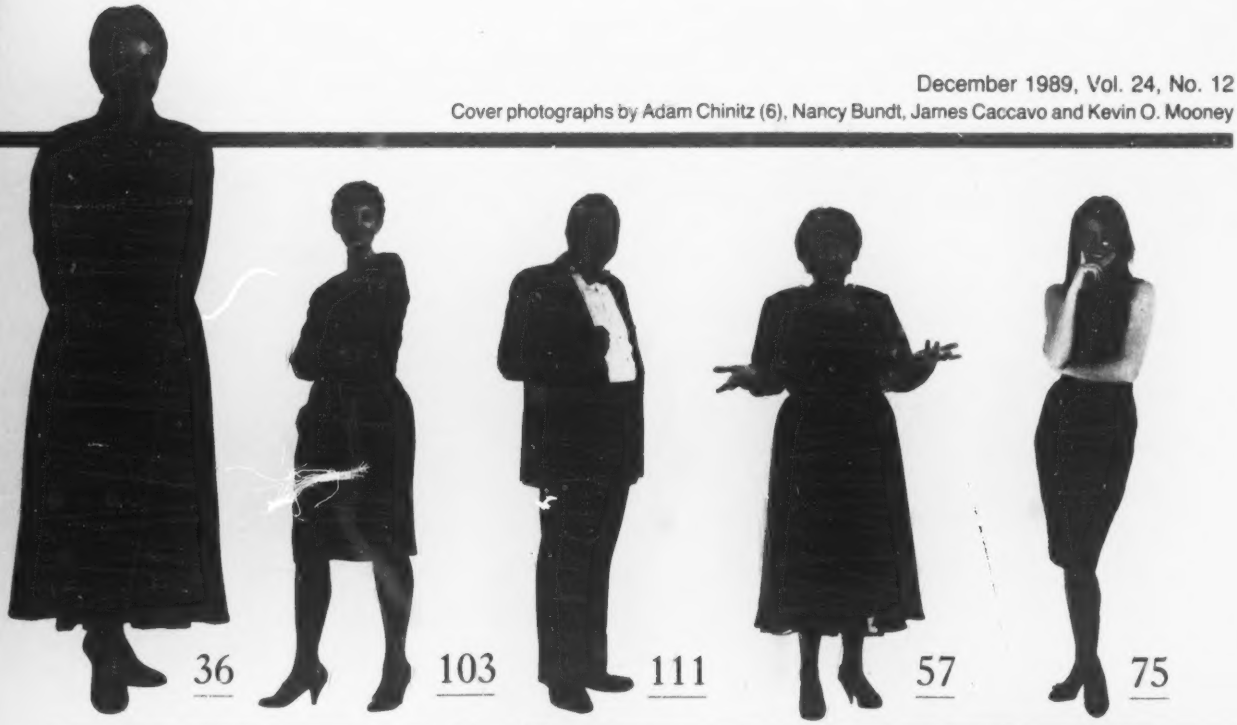
PRINT BEAT 17

Insertmania . . . A sisterly promotion . . . USPPI buy . . . Coupons . . . Print's tv network.

DEBUT 22

Meredith's *Country America* will celebrate the best of country livin'.

December 1989, Vol. 24, No. 12
Cover photographs by Adam Chinitz (6), Nancy Bundt, James Caccavo and Kevin O. Mooney



FREEZE FRAME 26

Cross promotion is proving ever more popular — and profitable — for broadcast and cable channels.

BUSINESS-TO-BUSINESS 28

While not everyone agrees on its effectiveness, a growing number of publishers are now bartering ad space.

CREATIVE CONCEPTS 32

Presenting this year's ATHENA awards for newspaper advertising.

BROADCAST BEAT 143

How hot is spot? . . . P&G and the Joker . . . Women and football . . . O&M's world view of media.

SALES PROMOTION 148

Increasingly, companies are working together to increase each others' product awareness.

BOOKS, ETC. 150

Ed Papazian's *Medium Rare* offers tidbits of television history.

POINT/COUNTERPOINT/POLL 154

Bozell's Judy Black and JWT's Richard Kostyra debate the need for a media strategist.

ON THE DOCKET 156

Cable operators are looking to solve "must carry" and other problems before Congress steps in.

ECONOMIC EYE 158

Who reads what in newspaper advertising, our magazine category scorecard and the Media Cost Index through August 1989.

LAST WORD 160

In narrowing our list of All-Star nominees, clients and co-workers weren't always kind.

AS THEY SEE IT

MEDIOLOGY *Ira Carlin* 117

How the "consumer imperative" and the "overheating" of the '80s will affect advertising in the '90s.

TELEVISION *Stephen Martin* 118

Some agencies and their clients have forgotten that ads also have to sell.

RADIO *Roddy Freeman* 120

Quarter-hour ratings and costs-per-point aren't always the best way to calculate a spot buy.

RESEARCH *Debbie Solomon* 122

A guide to all the best sources for research information.

MAGAZINES *Dan Charnas* 126

Lunches and cocktail parties can be more than fun — they can be good business opportunities.

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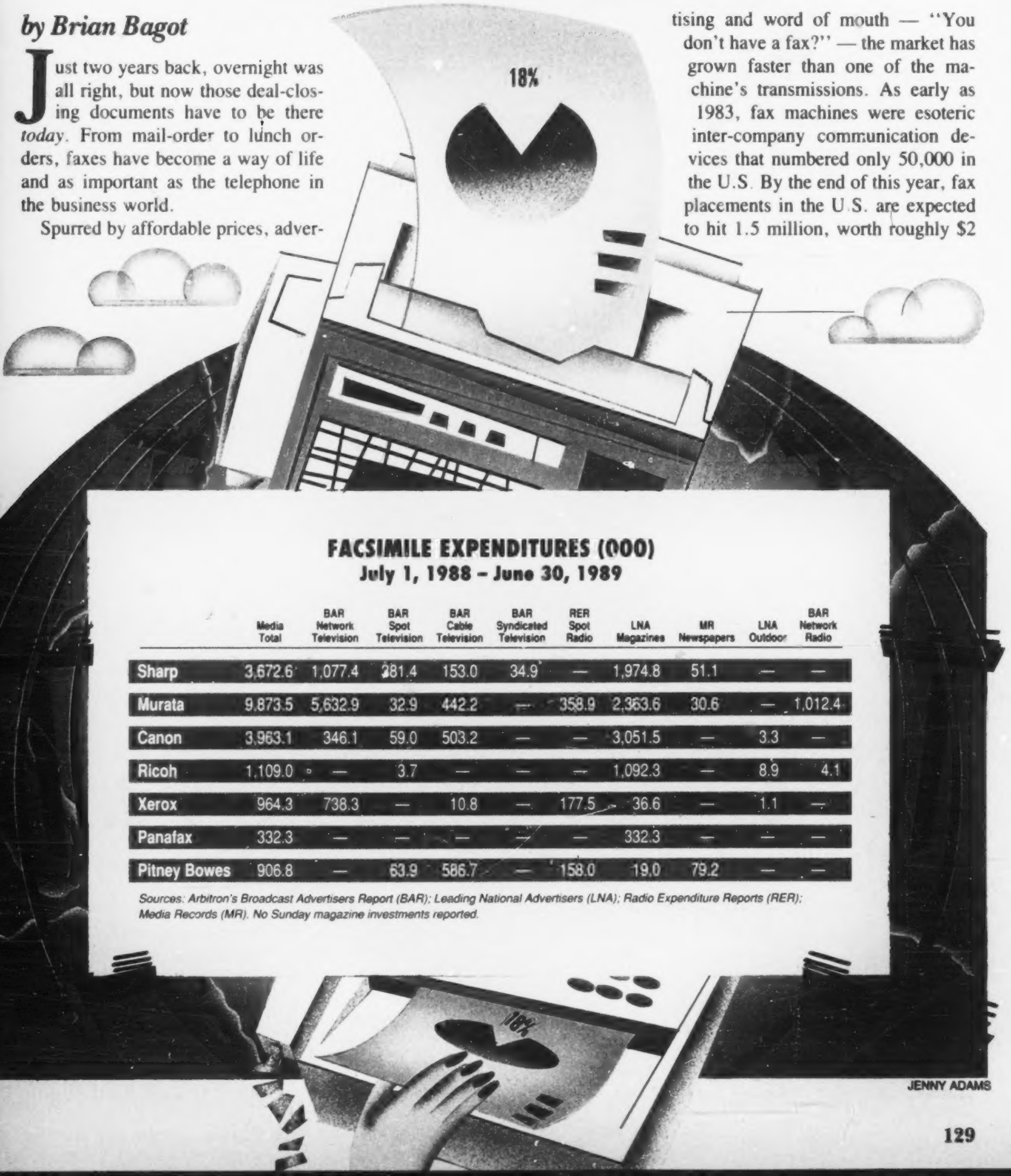
FAX FACTS

by Brian Bagot

Just two years back, overnight was all right, but now those deal-closing documents have to be there *today*. From mail-order to lunch orders, faxes have become a way of life and as important as the telephone in the business world.

Spurred by affordable prices, advertising and word of mouth — "You don't have a fax?" — the market has grown faster than one of the machine's transmissions. As early as 1983, fax machines were esoteric inter-company communication devices that numbered only 50,000 in the U.S. By the end of this year, fax placements in the U.S. are expected to hit 1.5 million, worth roughly $2



FACSIMILE EXPENDITURES (000)
July 1, 1988 – June 30, 1989

	Media Total	BAR Network Television	BAR Spot Television	BAR Cable Television	BAR Syndicated Television	RER Spot Radio	LNA Magazines	MR Newspapers	LNA Outdoor	BAR Network Radio
Sharp	3,672.6	1,077.4	381.4	153.0	34.9	—	1,974.8	51.1	—	—
Murata	9,873.5	5,632.9	32.9	442.2	—	358.9	2,363.6	30.6	—	1,012.4
Canon	3,963.1	346.1	59.0	503.2	—	—	3,051.5	—	3.3	—
Ricoh	1,109.0	—	3.7	—	—	—	1,092.3	—	8.9	4.1
Xerox	964.3	738.3	—	10.8	—	177.5	36.6	—	1.1	—
Panafax	332.3	—	—	—	—	—	332.3	—	—	—
Pitney Bowes	906.8	—	63.9	586.7	—	158.0	19.0	79.2	—	—

Sources: Arbitron's Broadcast Advertisers Report (BAR); Leading National Advertisers (LNA); Radio Expenditure Reports (RER); Media Records (MR). No Sunday magazine investments reported.

JENNY ADAMS

billion, according to Judy Pirani, associate director for image communication systems at BIS CAP International, a Norwell, Mass.-based market research company. The company projects placements to hit 2.7 million by 1992.

Right now there are seven industry leaders that control between 70% and 90% of the market's unit sales, depending on who you talk to. Industry sources place Sharp in the leader's position, with 19%-21% of the market, followed by Murata with 15%-17% and Canon and Ricoh in an almost dead heat. One estimate says their shares are 16% for Canon and 15% for Ricoh; another says they both fall in the 10%-11% range.

The fax boom began around 1987, when placements were about 475,000, but it was during 1988 when the market really started to buzz. As Pirani points out, "The installed base started hitting a critical mass. People who didn't have fax machines were starting to feel the pressure from people who did have fax machines," she says. "When these people went out to examine getting one, especially if they ran a small business, they discovered that they're not that expensive after all."

Also, fax machines are getting easier to buy. There has been a shift from the manufacturer's salesforce to equipment dealers and retail stores.

"Before 1987," says Pirani, "you could only buy from an office equipment dealer or a direct sales guy. In 1988 distribution really expanded, so you could go into a discounter or the home-office departments of department stores and buy one."

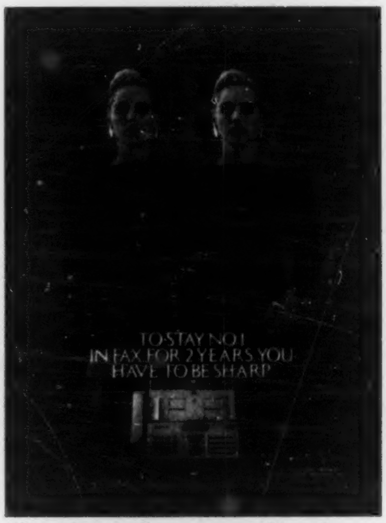
As the market has grown, so has the sophistication of its advertising efforts. Several years ago most of the ads were primarily in office-management books and focused on telling the buyer what fax was all about. Today, print is still the dominant medium, but business publications like ***Business Week***, ***Fortune*** and ***Forbes*** carry product-specific ads emphasizing product features like automatic page cutters, auto dialing and plain-paper capabilities.

Several companies have sought a unique positioning, such as Sharp, which stresses the company's leading position in the market, or Pitney Bowes, which uses humor to get its message of legible fax copies across.

Sharp and Murata are also heavily into sports tie-ins. Sharp has placement in *Hoop* and *Goal* magazines, as well as being a sponsor of the U.S. Tennis Open and college football. Murata sponsors the Murata Senior Golf Tournament in Dallas, in addition to being one of Wimbledon's major sponsors.

Trade advertising also plays a large role in the fax market as manufacturers target MIS specialists and other influencers at the corporate level. Titles used include *The Office*, *Computer Resale Channel* and *Byte*.

With the business segment already dependent on fax, the next frontier is the home-office market, where manufacturers are placing new emphasis. Ricoh has two personal fax models, the FAX89 and FAX90, which list for $1,695 and $1,895, respectively. However, with fax, like other electronic products, there's a gap between list and actual prices. For instance, the Sharp FO220 lists for $1,595, but has a general everyday retail of $650 at discount stores.



Sharp's number-one ranking is trumpeted in its ads.

But just because a fax has a low price tag doesn't mean low quality. John Plet, assistant general manager of advertising for Panasonic Office Automation, says, "People have to learn not to differentiate low- and high-end by price. It's on features and the need of the potential customer. It's not lower quality; it's a less-featured machine."

In addition to business-to-business communication and home-office use, fax applications are turning up in some unusual, but practical places. Even the Internal Revenue Service has equipped about four out of 10 IRS centers to accept fax transmissions to help resolve audit, collection and other matters for clients. And in New Jersey, the labor department says unemployment insurance claimants may file their appeals by fax.

With fax as widespread as it is, and growing, it's not surprising that laws should emerge to control fax abuse. In October, Connecticut adopted the nation's first law banning the transmission of junk fax. Senders of unsolicited advertising messages by fax can be fined $200 or have to pay damages, whichever is greater. Other states considering such measures include New York, Maryland and Oregon.

The next wave: Expect manufacturers to push their plain-paper abilities, since the plain alternative not only uses regular paper, but provides copies that are much clearer than the thermal paper. As these machines proliferate, their costs will fall and competition will heighten to get current faxers to trade up.

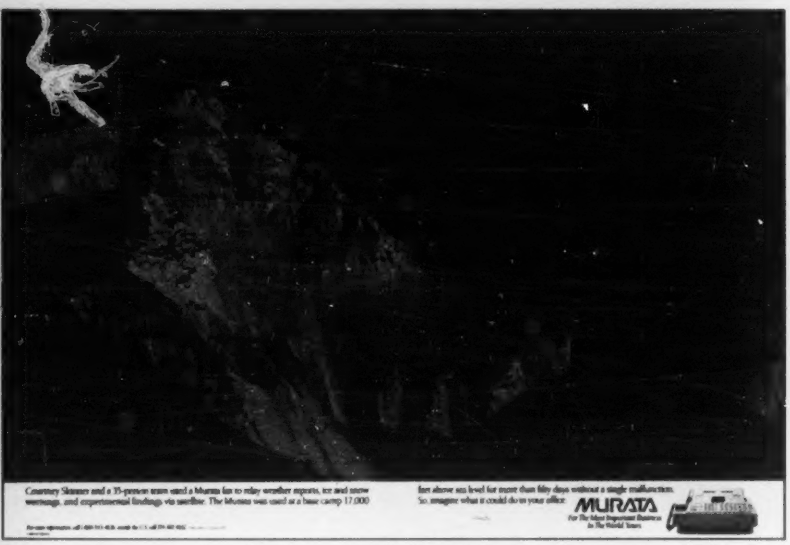
Here's how the major marketers send out their messages to their prospects.

Sharp

Sharp, the leader in fax unit sales for two years running, is building on that theme in its ads as it aims its line of machines at the low, middle and upper segments of the market. Sharp's market share, based on unit sales, is unofficially estimated to be 19%-21% by industry sources.

With fax becoming part of the language and consumers more aware of what fax machines do, the company now thinks it's time to take a different course with the creative. Norman Hajjar, senior vice president, group director, at Griffin Bacal, Sharp's agency, says, "It's totally out of the education mode now, except as it relates to specific features of the facsimile. The concept of fax no longer needs to be emphasized," he says.

"Principally, what we're doing is trumpeting our number-one ranking in facsimile sales for two years in a row," he explains. "It's a claim that really



Going where no other fax has gone before, Murata figures that if it works on Mt. Everest, it'll have no problem in an office.

establishes our ownership of the marketplace."

National corporate ad spending totaled about $20 million this year, with some $6 million going to fax campaigns, according to Daniel Infanti, director of marketing and corporate communications for Sharp. The mix is about 60% print, 40% tv.

The latest tv flight began in November on what Carl Teitelman, vice president, management supervisor for Griffin Bacal, describes as "showcase properties," such as major golf and tennis tournaments, *Monday Night Football* and college football. "This dovetails with Sharp's sports marketing," he explains. "The brand is very active in *Hoop* and *Goal* and other magazines available at sports venues." In addition to sports, Sunday morning news programs are also used.

The consumer-print campaign, which totaled just over $2 million in the 12-month period ended June 30, 1989, includes runs in the *Wall Street Journal*, *Forbes*, *Fortune*, *Newsweek* and *Business Week*. Targeting smaller business, the ads also ran in *Inc.* and *Venture*. Office-management trade books were another important part of the mix and included *The Office*, *Office Systems* and *Copy Magazine*.

Murata

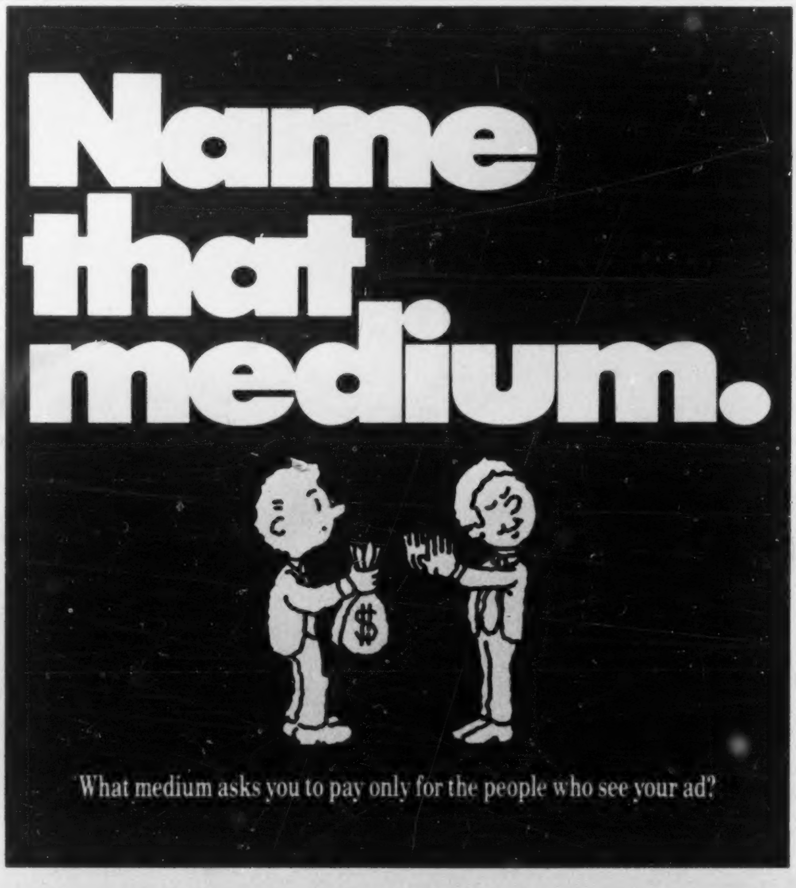
Second-ranked Murata, with about 15%-17% of fax unit sales, is advertising on several levels as it plans to expand from the low end of the market into the middle and upper, according to Mike Pocock, vice president of marketing. "With our corporate image ads, we try to reach all the potential buyers — 25-52-year-old, mostly male decision makers — through tv, radio and print," he says.

The corporate ads from The Richards Group, Dallas, however, air on network tv. Murata was also one of the major sponsors of Wimbledon tennis last year.

Pocock says the sports angle hits the demo. "It's male dominated, and the people we try to reach go to these sporting events," he says. Network tv for fax machines cost Murata $5.6 million for the 12 month period, according to LNA. It also sponsors local events like the Murata Senior Golf Tournament in Dallas, Texas.

In print, fax advertising, which LNA totaled at $2.4 million in the 12 months ending June 30, 1989, appeared in titles that include *Time*, *Forbes*, *Fortune* and *Business Week*, as well as the inflight magazines.

Network and spot radio were also used to maximize drive times in local markets, according to Pocock. "If you get the right drive time, you get the decision makers on the way to work," he notes.


Name that medium.
What medium asks you to pay only for the people who see your ad?

Since the company segments the market into three different channels of distribution — office systems dealer, consumer electronic and computer reseller — more product-specific advertising is used in an effort to differentiate the product for each channel. In addition to radio and business magazines, trade magazines such as *The Office*, *HFD*, *Computer Resale Channel* and *Byte* are part of the mix.

In some major markets, some ad programs have been executed in newspapers featuring a product and a list of the various area dealers who carry it. Two direct-mail programs, one using ZIP codes and the other that targets selective markets, also have recently been implemented.

Canon

With 13 products in its line, ranging in price from $1,795 to as much as $30,000, the primary thrust right now for Canon is in the plain-paper area to target current fax users in all types of businesses. Says Andrew Johnson, product marketing manager, facsimile division at Canon, "The market knows about the fax machines and has been tolerant with thermal paper and its limitations. Now they're ready for plain paper."

The latest ad campaign from agency DCA, New York, is built around the high- and low-end fax segments. In the high end, the focus is image quality based on Canon's UHQ (ultra-high quality), an image enhancement computer chip that enhances the character before transmission. "The message of UHQ, which is the number-one message, is that the quality of the document sent reflects on you and your company," explains Johnson. "It's a little more of a selfish reason to buy plain-paper [units]."

Maybe you're giving people the wrong image.
Canon
FAX-245
Communicating Quality

Canon focuses on image quality based on UHQ processing.

Johnson says that one of the chief differences with the ad strategy from previous runs in the high end is, "we used to promote technology and wanted to be known as having the most advanced technology in our machines. We have changed from that technology to plain paper," he says. "In the copy of the ad, we talk about the transmission feature and the technology feature, but the meat of the ad is based on the printing."

In the low-end, UHQ is also the emphasis. The creative uses a hand crumpling up fax paper with the tag, "Maybe you're giving people the wrong image." There's no campaign for the middle range, because, according to Johnson, "we find that those get sold as an upgrade."

The ad schedule for the plain-paper models is primarily print, including the *Wall Street Journal*, *Business Week*, *Forbes* and *Fortune*. Print totaled about $3 million for the period July 1, 1988 to June 30, 1989, according to LNA.

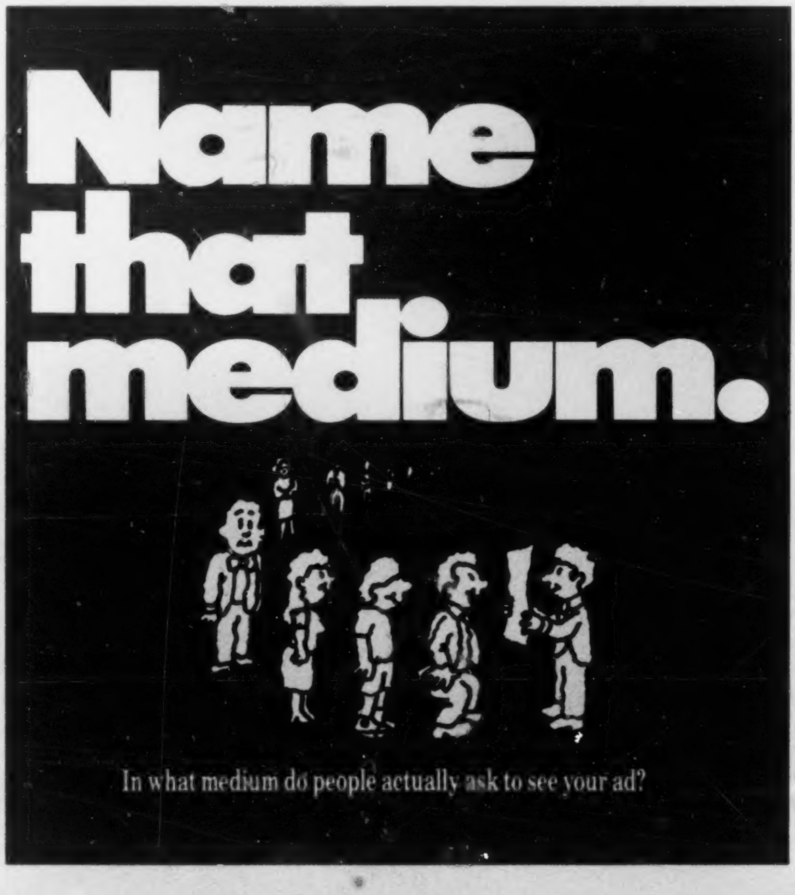
For the lower end machines, trade magazines are the medium of choice and include *Modern Office Technology*, *Office Systems*, *The Office* and *Today's Office*.

Distribution of the line is through national accounts targeting *Fortune* 500 companies, with the majority of sales going through office-machine dealers.

Ricoh

Ricoh, with about 10%-15% of the market's unit sales, is targeting its line of thermal-paper fax machines to the lower and middle segments, but most of the focus on its plain-paper fax machines is in the higher end, according to Garry Waddell, manager of product planning, facsimile, for Ricoh.

Waddell expects the headline in its latest print campaign, "Ricoh, Where


Name that medium.
In what medium do people actually ask to see your ad?

Ricoh
Where Imagination Becomes Reality
RICOH

Ricoh thinks its latest headline will become a running theme in future ads from Justamere Associates.

Imagination Becomes Reality," to become a running theme in future ads. "We try to stress the company's historical position as a leading innovator in fax and other technologies," he says. Currently, there are two corporate ads running off that idea, with plans in the works for some product-specific ads for fax.

With the campaign from Justamere Associates, Andover, N.J., Ricoh is taking a new approach. The earlier ads were more emotional, according to Waddell, and were designed to appeal to the hectic nature of an office user. When the machine does not work, suggested the copy, a stressful situation undoubtedly arises.

"That was a very indirect kind of way of getting at the benefits of the product. Now we're going more direct with how we bring good products to the market and what that's going to mean to the user," Waddell says.

Print placements for the "Reality" theme include *Business Week*, *Fortune*, *Forbes*, *U.S. Air* and the top-management edition of *Time*, as well as office equipment trades such as *Modern Office Technology* and *The Office*. The expenditure in magazines tracked by LNA totaled $1.1 million for the 12 months ended June 30, 1989.

Distribution of the line is through a direct salesforce and office-machine dealers, with the company positioning its line in three segments, there is some overlap of buyers.

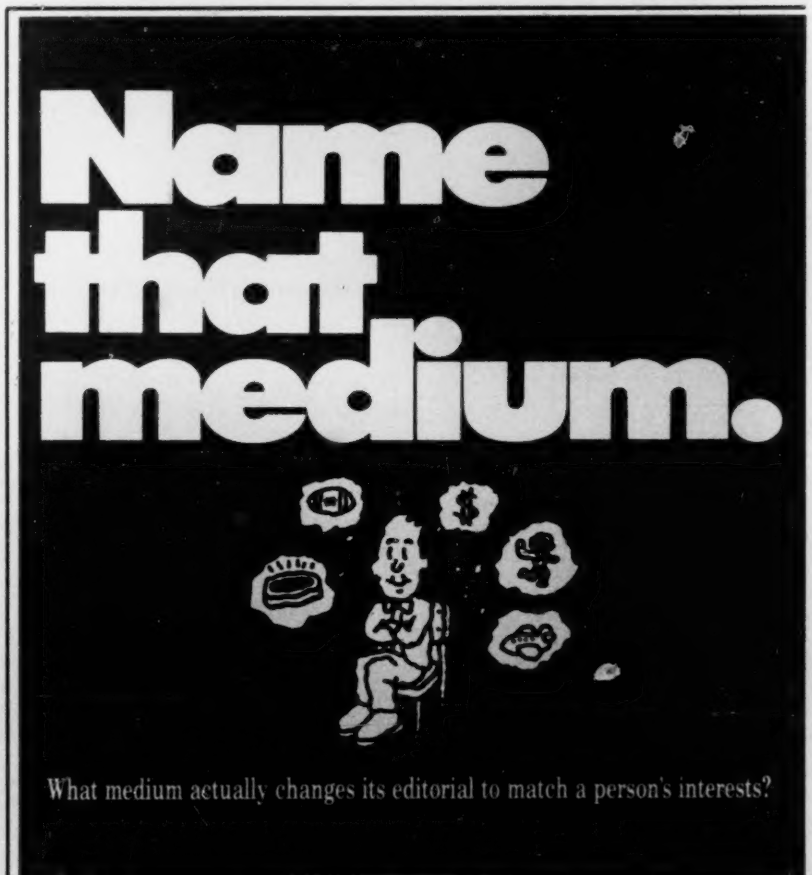
Xerox

Xerox, with its full line of fax machines and an estimated 5%-10% of the unit sales, sees the marketing effort forming two distinct segments — business and home office — and is attacking each one separately.

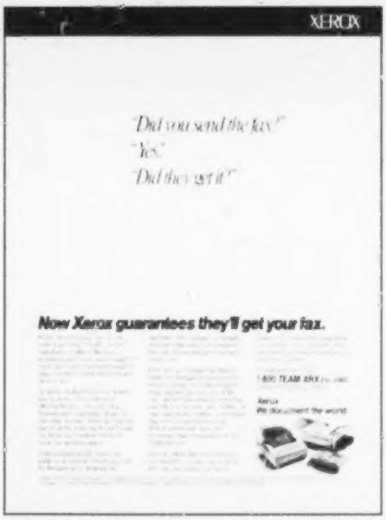
"On the one hand, with our business-segment products, we will focus our strengths in plain paper and our ability to integrate communications systems," says Jeffery Fischer, manager of facsimile product marketing for Xerox. "On the home-office front, we will be engaging marketing channels that have the ability to reach home offices, like retailers."

The home-office machines are scheduled for release early next year. Although the ad strategy from Backer, Spielvogel, Bates has not yet been defined, Fischer says it will "likely rely quite a bit on our retailing partners on our behalf, but we will do our share to create some end-user awareness as well." Xerox has already commissioned a number of high-volume retailers, including Sears and Dayton Hudson, to sell its home-office copier.

In addition to being a part of the company's omnibus corporate ad campaign, Xerox fax strategy targets specific industries like legal, telecommunications and banking with flights in *Bank Administration*, *Bank News Products*, *Legal Administrator*


Name that medium.

What medium actually changes its editorial to match a person's interests?


XEROX
"Did you send the fax?"
"Yes."
"Did they get it?"
Now Xerox guarantees they'll get your fax.
1-800-TEAM XRX
Xerox

Xerox takes the worry out of fax transmissions with a guarantee.

and *Communications Week*. Also targeted are some office-product publications, such as *Administrative Management* and *The Office*. Business publications are also used and include *CFO*, *Inc*. and *Fortune*.

The creative focus on document delivery is backed up with a fax-transmission guarantee. If a Xerox fax machine does not deliver the document to the intended location, the company will pay $5 for each transmission that does not go through.

Panafax

Recognizing that some kind of application for fax can be found in just about every business, Panafax, a part of the Panasonic Office Automation division of Matsushita Graphic Communication Systems, finds it hard to pinpoint a target for its machines. So print from agency Greenstone Rabasca Roberts, Melville, N.Y., runs in the *Wall Street Journal* and the airline magazines to cover a wide base of readers.

PANAFAX GETS UNANIMOUS APPROVAL ACROSS THE BOARD.
Panafax

Panafax targets a wide readership base in its print campaign.

Explaining the use of airline magazines, Panasonic's Plet says, "The business traveller is always on the go and needs to get things back home quickly — sales orders, inventory, whatever. Years ago he would have had to pay ten bucks to Federal Express, so fax turns out to be a very good alternative."

With print as the only medium used during the 12 months ending June 30, 1989, LNA pegs consumer magazine expenditures at $332,300. Plet also says office-automation books are used, but he declined to get into specific titles or investments.

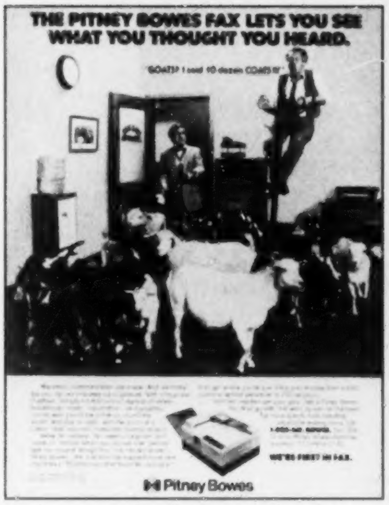
Most of the Panafax advertisements are product specific, although there is one ad that features the entire line on a conference room table and with the line saying they get "Approval Across the Board."

Distribution of the line, which ranges in price from $1,395 for a machine without an automatic paper cutter to $5,795 for a plain-paper, fully featured model, is through office-automation dealers and a direct salesforce.

Pitney Bowes

Unlike the other leading brands of fax-machine manufacturers, Pitney Bowes, with an estimated 4% to 6% of the market's unit sales, only uses a direct salesforce to market its line of machines targeted toward the upper end. But although the company's emphasis is the upper end, lower-end machines with fewer features are also offered.

The company just recently reassessed the humorous advertising it began about four years ago. Now, instead of the humor, Pitney Bowes is using a straightforward focus-group setting where users talk about their needs and why they chose Pitney Bowes. This is currently running on CNN, with print scheduled for the first quarter of next year. The print schedule has not been determined, but Kathleen Ryan Mufson, manager of marketing programs at Pitney Bowes, says it will be a mix of trade and business publications.


THE PITNEY BOWES FAX LETS YOU SEE WHAT YOU THOUGHT YOU HEARD.
"GOATS? I said 10 dozen COATS!"
WE'RE FIRST IN FAX.
Pitney Bowes

Animals and miscommunication create humor for Pitney Bowes.

With its previous ads, the company made a double-edged break from traditional fax advertising by adding a light touch to its ads from Venet, Lawrenceville, N.J. At the same time, the company noticed fax becoming more integrated into mainstream business applications and made the move away from telecommunication magazines and into major publications such as *Business Week*, *Newsweek* and the *Wall Street Journal*.

"We added humor into our ads as far as taking the thrust away from spec-sheet-type ads," says Mufson. The ads had several different variations of a person in an office situation, with an almost surreal scene of animals overrunning the office. One finds an executive hanging from a ceiling light over three snapping crocodiles, with the line, "If you ordered clocks and got crocs, you need Pitney Bowes fax." The idea, obviously, is based on miscommunication due to poor quality fax copies. ■

Overnight-delivery costs are high, so fax turns out to be a good alternative.

POINT/COUNTERPOINT

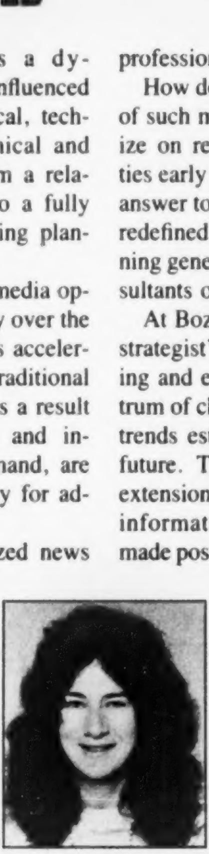
MEDIA STRATEGISTS: ARE THEY FOR REAL?

POSITION GRANTED

Media is a dynamic, changing function. Influenced by many variables — political, technological, societal, economical and others — it is evolving from a relatively isolated discipline into a fully integrated partner in marketing planning and performance.

The number and range of media options have grown dramatically over the past decade, and this trend is accelerating into the '90s. Both the traditional media and the newcomers, as a result of advances in technology and increased competition and demand, are opening new doors every day for advertisers.

For example, a personalized news medium may be on its way — a combination computer, newspaper and television that "knows" your interests and information needs and is able to present only what's relevant to you. Your morning newspaper may tell you about the agenda of your afternoon meeting, give you a price update on your investment portfolio, fill you in on last night's baseball game and then discuss the implications of Gorbachev's fourth visit to New York.



With the development of interactive tv, commercials will also be targeted specifically to you while your neighbor or children watch the same show on a different set and see a different ad. The Media Lab, a part of M.I.T., has assured us that these new media forms are not fantasies.

The need to comprehend and work with an altered, more complex media environment and its applications on marketing strategies has broadened the role of the media function. It also has necessitated changes in media departments' structures, operations and professional experience requirements.

How do you stay on the cutting edge of such media happenings and capitalize on resulting advertising possibilities early on? There is probably no one answer to this question. Agencies have redefined the position of media planning generalists, looked to outside consultants or have hired specialists.

At Bozell, the addition of a "media strategist" allows for a full understanding and evaluation of the varied spectrum of changes occurring now and the trends establishing themselves for the future. The function provides for an extension of the media knowledge and information base way beyond that made possible by merely expanding the media generalist's role. It gives us the ability to prepare in-depth reports for nontraditional media and to analyze these new developments in conjunction with creative and marketing programs in tandem with more conventional media. The days when each medium was unto itself are long gone.

The strategist's view must go beyond the domestic market. Geographic boundaries will become less and less meaningful, in Europe with the advent of 1992 and elsewhere with the speed of new telecommunication technologies. This means that the number of media combinations and permutations will multiply, as will the buys available. Obviously, these types of packages will not be appropriate for all products and services.

Also under consideration is how best to achieve the proper balance between national and local media. The problem is not a new one, but with retailer power on the increase and in-store opportunities proliferating, local media efforts must be coordinated more closely than ever before with promotional tie-ins and national campaigns.

At Bozell, the focus on media strategy and exploration provides planners in all of our offices with resources to better anticipate and service clients' continually changing needs. It gives planners the background and preparation for playing a more important role in the marketing process. It makes media planning a more vital and essential part of the marketing environment.

Judy Black is vice president and strategic media project manager at Bozell.

OUR READERS TELL US . . .

**Research USA, Chicago, reports tha
most respondents expect their agenci
to maintain or increase media-depart
ment staffing, but few have named em
ployees dedicated to strategic thinki**

**1. What changes, if any, does yo
media department expect in its staf
ing?**
Increased staff 45.1
Decreased staff 7.4
No change 47.5
Base = 122

**2. Does your media department use
headhunter as part of the hiring pr
cess?**
Yes 21.0
No 79.0
Base = 119

**3. Does your media department
temporary help during certain p**
Yes
No
Base = 122

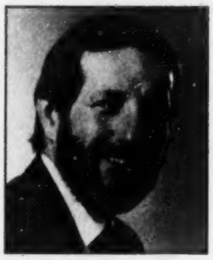
**If "yes," for which functions
all that apply)**
Buying
Planning
Clerical/general office 88.

POSITION SCORNED

At J. Walter Thompson, we've rejected the idea of a single "designated strategist" for the media department. Instead, we employ a host of strategists, each assigned to a limited number of accounts. We call them associate media directors, although we could just as easily refer to them as "account strategists."

Most other advertising agencies also have account-oriented strategists, and while they may possess different titles in different shops, we believe this arrangement best serves the clients' needs. Our philosophy at JWT is that strategy is account-driven. Appointing a "designated strategist" for the entire agency is dangerous for several reasons, not the least of which is it shifts the focus of strategic development further from the client.

The typical AMD at J. Walter Thompson — we have about 20 in our six U.S. offices — has more than 15 years' planning experience. In most cases, he or she works on just one or two major pieces of business. As the account's chief strategist, the AMD has an intimate knowledge of the client's marketing goals, ad strategy and a historical perspective on the brands.



The planners draw up the actual media plans. But it is the AMDs, or the "account strategists," who are charged with establishing the media strategy and ensuring that it is both on target and exploiting opportunities to the maximum. The AMDs make all major decisions such as (but not limited to) setting guidelines for the overall media mix, deciding whether or not to use new media vehicles, recommending whether a client should heavy-up weight during key months, flighting or pulsing patterns, etc.

But not all strategizing occurs at the account level. The media director — the department's chief strategist — gives the AMDs direction on a wide range of issues. Because he or she has a broad view of goings-on for all agency accounts, along with full responsibility for buying and research, the media director can best offer broad strategy and direction.

Our account strategists also have many resources to draw on, including the broadcast-buying groups, the media-research staff, the market-research department and others. Often, differing opinions come from these areas. The account strategist's job is to assess each alternative, consult with the media director and make a recommendation specific to that client.

In some cases, two different AMDs will confront the same issue, utilize the same resources, but ultimately make differing recommendations. Does this mean the system has broken down? Absolutely not. It is a recognition that each client has different priorities.

A "Guru of Strategic Development" cannot be relied on to know the intricacies of each account. He or she lacks the ongoing interaction with the client that ensures new developments will not be overlooked. With such a limited knowledge of any particular client, and what that client's competitors are up to, it is presumptuous to assume he or she can come up with truly breakthrough ideas.

Also, consider the ill-will that could result from the appointment of an "official" media department strategist. If I were to establish this position at JWT, I would be sending a message to our AMDs that strategizing is no longer their responsibility — or that they are incapable of strategizing. Either way, it would be discouraging and demoralizing to them — and disingenuous.

The need for a designated department strategist suggests to me that the AMDs and the media director are not properly fulfilling their responsibilities. If this is the case, solve the personnel problem — but don't duck the issue by "changing the system."

Richard Kostyra is executive vice president, U.S. director of media services, for J. Walter Thompson.

Research	20.8%
Other	1.9%
Base = 99	

[illegible]

[illegible]	13.6%
[illegible]	9.3%
[illegible]	44.9%
[illegible]	21.2%
[illegible]	10.2%
[illegible]	0.8%

[illegible]

ECONOMIC EYE

AD READERSHIP

According to the NAB's *Key Facts 1989* report, 58% of adults usually read the supermarket advertisements in the newspaper. Women tend to read the ads more than men (73% vs. 40%). Women were also found to be more likely to read department store ads for clothing (again, 73% vs. 40%).

MAGAZINE AD SCORECARD	Ad Pages Oct. 1989	% change from Oct. 1988	Dollars spent (000)	% change from Oct. 1988
1. Skin care, Creams, Lotions and Oils	278.71	35.4	12,260.7	61.3
2. Lip and Eye Beauty Products	142.96	-1.2	5,472.3	17.9
3. Scents and Fragrances	259.20	-20.2	8,176.8	-12.3
4. Facial Makeup Products	99.49	-34.7	4,389.9	-25.9
5. Prepared Dinners and Entrees (including pizzas)	53.20	96.8	3,641.1	153.0
6. Liquor	513.78	17.8	23,229.6	128.1
7. Cigarettes	643.36	-4.5	38,125.6	0.2
8. Soaps and Detergents	53.29	96.1	3,358.0	119.7
9. Passenger Cars, Domestic	535.24	26.5	35,886.9	41.2
10. Passenger Cars, Imported	746.48	30.8	36,979.6	14.9

Source: Publishers Information Bureau as prepared by Leading National Advertisers.

MEDIA COST INDEX

(The Media Cost Index is based on unit costs, which are the end-product of circulation/audience and CPM adjustments. They do not represent the efficiency of a given medium, only the out-of-pocket costs.)

1985 = 100 ← 1989 →

	Jan.	% change	Feb.	% change	March	% change	Apr.	% change	May	% change	June	% change	July	% change	Aug.	% change
Network TV																
Daytime	77	–17	68	–15	68	–15	72	–7	67	–12	63	–14	71	–11	67	–9
Nighttime	122	+8	120	–19	125	+11	112	+13	127	+16	112	-8	125	+14	135	+14
Spot TV																
Prime time	141	+10	127	–2	125	–4	131	+5	126	+0.3	131	+5	132	+7	134	+7
Daytime	116	–5	120	+11	97	–1	100	+5	101	–1	93	–0.2	107	+0.2	99	-1
Network radio	158	+8	142	+10	139	+15	128	+10	131	+13	126	+8	121	+19	127	+15
Spot radio	–	–	–	–	118	+12	–	–	–	–	118	+17	—	—	—	—
Consumer magazines	122	+6	122	+6	122	+6	122	+6	122	+6	123	+7	123	+7	123	+8
Natl. Sunday magazines	129	+10	129	+10	129	+10	129	+10	130	+12	130	+12	130	+12	141	+10
Business publications	119	+2	119	+2	119	+2	119	+2	123	+6	123	+6	123	+6	123	+6
Newspapers	131	+5	131	+6	131	+6	132	+6	131	+6	131	+6	131	+6	131	+6
Outdoor	137	+11	137	+11	132	+8	132	+8	132	+8	132	+8	132	+8	132	+8

Notes: Percentage shown is relative change from the same month/period the year before.
*Revised

Sources:

Nighttime Network TV- Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service.

Daytime Network TV- Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service.

Network Radio- Cost per average 30-second radio announcement from BAR's Network Radio Service.

Consumer Magazines estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn.

National Sunday Mags estimate based on published (rate cards) costs of a page, four-color in the national entries.

Daily Newspapers estimate based on Newspaper Advertising Bureau report of SRDS costs per column inch of a sample of 784 newspapers weighted to represent the universe.

Outdoor Posters based on estimate prepared by Institute of Outdoor Advertising.

Spot Radio index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

Business Publications estimates based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications.

C2950-3

MARKETING & MEDIA DECISIONS

WHO GETS THE 990 AD DOLLARS?

*************** 5-DIGIT 20814
0711 001618861 41 93 000000 B159
GREG CHRIS
CONGRESSIONAL INF SVC B001
4520 EAST-WEST HWY #800
BETHSEDA MD 20814

69

PLUS: ROUNDTABLE, BARTER SYNDICATION

Buyers and sellers face off and face facts about barter's present and future.

MARKETING & MEDIA DECISIONS

INDUSTRY
1 9 9 0
OUTLOOKS

COVER STORY

WHO GETS THE AD DOLLARS? 29

Our "Industry Outlooks" find 1990 will be a year of flat ad budgets for many categories as they struggle with harsh business conditions. But expect aggressive spending increases from automotive and cosmetics and media plans to be reassessed by all in search of added impact.

THE BIG SPENDERS 32

A ranking of the top five companies in each of ten categories based on ad spending.

ALCOHOLIC BEVERAGES 34

Proposed advertising restrictions and lower consumption across most segments signal a worrisome year.

APPAREL 36

Ad spending and clothing sales are expected to be flat in '90 as more money is spent on promotions and special events to lure shoppers into the stores.

AUTOMOBILES 38

With sales slowing down, Detroit will look for more pep from existing ad budgets while the imports step on the gas.

CIGARETTES 40

Marketing budgets are expected to be up 3% this year — with a large portion of those budgets going to POP, coupon and trade spending.

COMPUTERS & OFFICE EQUIPMENT 42

While there will be dislocation among computer manufacturers in 1990, IBM still dominates the category with an ad budget of over $95 million.

COSMETICS 46

Though overall growth is expected to stay close to 4%-5%, advertising and promotion spending are expected to increase substantially.

DRUGS 48

Long-term ad spending is expected to grow, due in part to the needs of an aging population.

FINANCIAL SERVICES 50

As many S&Ls fight to stay afloat, nontraditional marketing methods will come to the fore.

PREPARED FOODS 52

Localized media will gain added importance and promotion budgets are likely to show signs of plateauing this year.

TRAVEL 53

Ad expenditures should continue to rise this year, but not at the robust rate of years past.

FEATURES

BARTER BACKTALK 56

In a free-wheeling discussion, buyers and sellers debate barter's value and future. Also, reports on mega-programing in the kids market, the possible development of new networks, the conservative crop of shows being developed for the syndication market and barter's first steps in Europe.

DEPARTMENTS

LETTERS 4

Problems with planners . . . more on Mazda . . . Absolut Correction.

PROFILES 6

Donna Galotti becomes a big "Sister" as the new publisher of *Ladies' Home Journal*, while Lincoln Bumba stresses the world view at Leo Burnett.

DEBUT 10

Time Inc.'s *Entertainment Weekly* offers advertisers a double-hit charter advertising plan as it gears for a February premiere.

DIRECT MARKETING 14

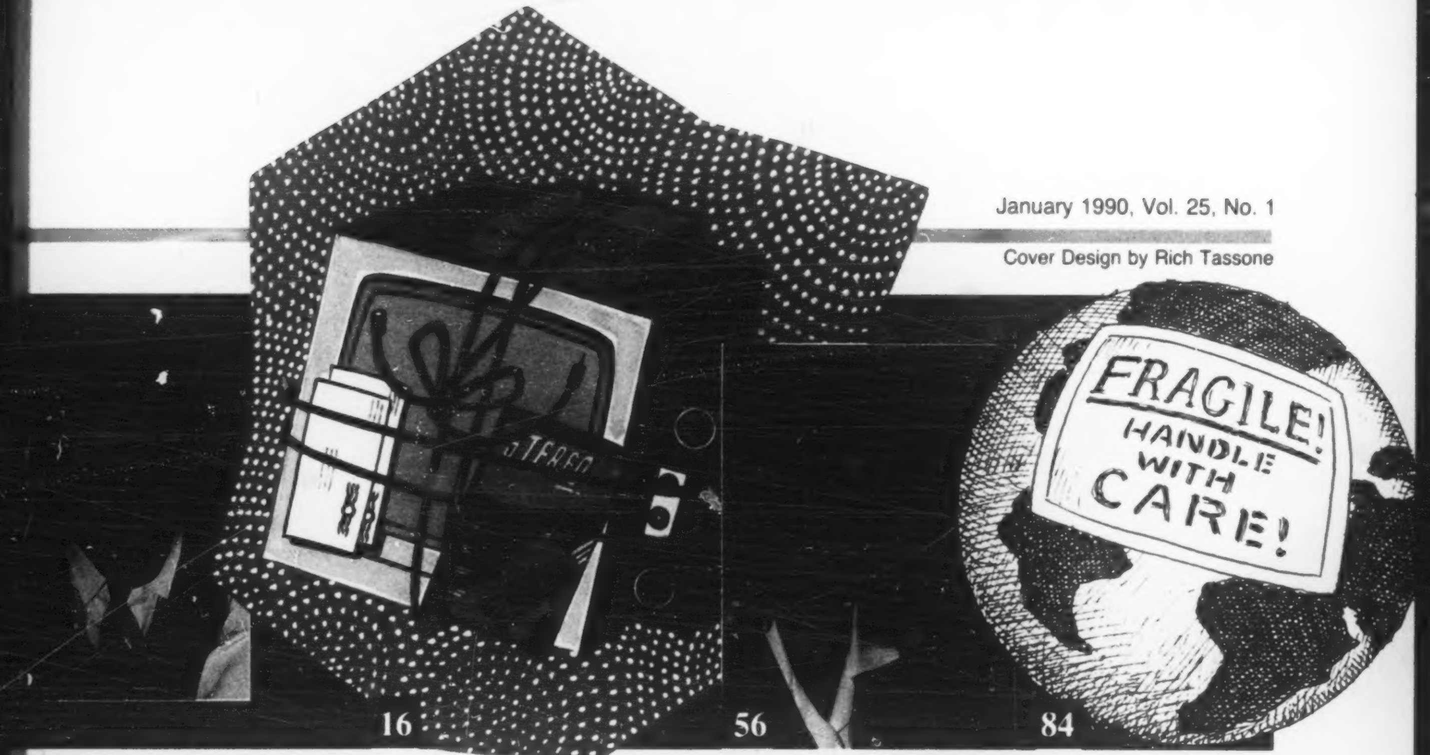
A recent direct-mail campaign is music to the ears of the Boston Symphony Orchestra; special credit cards and travel packages are used to lure skiers back to the slopes; and Directech offers a direct marketing handbook by mail.

FREEZE FRAME 16

It's added-value all the way as cable operators tap other media to give advertisers added reach. Even broadcasters are getting in on the act.

PRINT BEAT 17

Business gets personal . . . Print's outlook . . . Covers' clout . . . News on Time . . . *1,001 Ideas* in 30 seconds.



January 1990, Vol. 25, No. 1

Cover Design by Rich Tassone

CREATIVE CONCEPTS 22

Advertisers have discovered that being good citizens can not only increase consumer good will, but sales as well.

BUSINESS-TO-BUSINESS 26

If it's the local-level Trumps you're targeting, then the small-business press is a logical ally.

BROADCAST BEAT 79

McCann's tv forecast . . . A.C. Nielsen's report card . . . The race to build passive people-meter systems . . . and Physician's Radio Network expands.

SALES PROMOTION 81

What does it take to be truly creative in the world of promotion? Creative and account management execs can't readily define it, but they know it when they see it.

TOOLS OF THE TRADE 82

Conquest gives a new-business edge to Chiat/Day/Mojo.

ON THE DOCKET 84

The next wave in marketing is "eco-labeling" — identifying products that are harmful to the environment or wildlife.

ECONOMIC EYE 86

A perspective on working women, our magazine category scorecard and the Media Cost Index through September 1989.

LAST WORD 88

If you want to reach older consumers, who in the coming years will control over 40% of the nation's discretionary income, talk *to* them instead of *down* to them.

AS THEY SEE IT

MEDIOLOGY *Robert Mitchell* 69

Sports sponsorships may be on the decline due to ever increasing rights fees. Local stations will have to work with team owners to reduce the costs to advertisers or risk having to support these fees all by themselves.

TELEVISION *Ronald Frederick* 70

The best buys are not necessarily made by advertisers who bring the most "clout" to market. Sometimes a smaller buyer gets the better deal.

MAGAZINES *Roberta Garfinkle* 71

As competition for ad pages grows, the most creative added-value programs now help decide where the money should be spent.

NEWSPAPERS *Catherine Bendall* 72

Media buys should be based not only on CPMs, but on the power of a medium to attract audience attention.

RESEARCH *Joe Coogle* 75

Marketers, as they target ever more specialized groups of consumers, need to become data-base experts.

MARKETING & MEDIA DECISIONS (ISSN0195-4296) January 1990, Vol. 25, No. 1 Copyright © 1990. Decisions Publications Inc. Published monthly. Executive, editorial, circulation and advertising offices at 401 Park Avenue South, New York, N.Y. 10016 (212) 545-5100. Available without charge to those personally involved in media decisions at major agencies and advertiser companies. For others, subscription prices are: U.S.A. $48 for 12 issues. Canada $60. Overseas $70 (surface mail). Airmail — add $70. Single copy $4.00. All overseas copies are paid. Second-class postage paid at New York, New York, and additional mailing offices. Postmaster: Send address changes to Marketing & Media Decisions, P.O. Box 6069, Duluth, MN 55806-9769.

INDUSTRY
1990
OUTLOOKS

What kind of year will it be for the ad community? Caution is the byword as major marketers slow their pace. That's what our Outlook series on major ad spending categories indicates. Price pressure continues to frustrate ad growth, though several categories have segments with more bullish advertising plans. In most cases, new-product introductions will be minimal, thus further cooling the ad projections. But as consolidations settle out and ad-savvy marketers enter new businesses, there are signs that caution may give way to offensive moves as we enter the new decade.

The following pages give an encapsulated view of the budgets and media plans for our categories as assessed by analysts, economists, consultants and marketers.

On another front, *Marketing & Media Decisions* and Myers Marketing & Research have joined forces to launch the "Marketing & Media Influencers" report. This is a comprehensive, three-year project designed to provide a measure of the attitudes and opinions that shape the advertising and marketing decision-making process. The study will be focused at the hands-on level: product brand managers, corporate marketing directors and media planners at major agencies. In that regard, many of you will be contacted to participate.

The goal is to improve the working relationship between advertisers and their agencies' media departments by comparing the values they assign to a wide range of media options. The results will also help the media to position themselves to better serve their customers. We urge your participation and look forward to working with you.

Happy New Year.

THE BIGGEST SPENDERS

LNA/ARBITRON MULTI-MEDIA SERVICE
RANKING REPORT/PARENT COMPANIES RANKED ON: 1988/1989 9-MEDIA TOTAL
JULY–JUNE 1988/1989

		9-Media Total $(000)	Magazines $(000)	Sunday Magazines $(000)	Newspapers $(000)	Outdoor $(000)	Network Television $(000)	Spot Television $(000)	Syndicated Television $(000)	Cable TV Networks $(000)	Network Radio $(000)
ALCOHOLIC BEVERAGES	Total	1,090,653.5	226,393.1	12,027.3	30,085.8	57,558.6	431,421.3	252,418.2	31,723.4	37,369.8	11,656.0
Rank	**Parent Company**										
1	Anheuser-Busch Cos. Inc.	332,631.9	8,421.5	1,002.4	8,023.7	4,403.3	193,765.3	73,483.0	9,514.0	23,420.5	10,598.2
2	Philip Morris Companies Inc.	164,487.3	3,510.5	129.6	5,880.5	4,302.2	112,980.2	31,105.9	1,087.4	5,078.8	412.2
3	Coors Adolph Co.	108,488.5	2,944.9	283.5	1,631.5	3,483.1	35,770.3	52,173.0	8,304.0	3,898.2	--
4	Grand Metropolitan PLC	69,042.6	52,098.1	2,153.8	900.9	6,048.0	--	7,307.4	--	534.4	--
5	Seagram Co. Ltd.	59,664.4	28,329.0	665.1	2,756.5	9,635.5	16,660.4	349.5	1,256.1	12.3	--
APPAREL	Total*	756,139.4	374,569.3	30,352.7	10,907.4	6,825.8	211,226.3	79,026.1	11,743.9	28,681.4	2,806.5
Rank	**Parent Company**										
1	Sara Lee Corp.	110,669.9	34,610.6	5,036.3	209.1	19.1	62,584.5	4,323.8	1,651.2	1,773.3	462.0
2	Levi Strauss Associates Inc.	52,455.3	4,443.7	421.3	--	68.2	28,091.2	6,377.0	4,537.7	8,181.8	334.4
3	Farley Industries	28,435.9	7,863.1	302.9	--	68.6	15,890.4	2,845.3	542.6	923.0	--
4	VF Corp.	18,825.5	5,960.5	148.9	47.6	141.8	8,141.7	1,439.5	--	2,945.5	--
5	Wickes Cos. Inc.	17,887.9	2,077.6	--	31.3	7.3	12,201.3	2,852.5	362.8	355.1	--
AUTOMOBILES	Total	2,470,294.1	626,851.0	23,332.4	136,486.4	6,697.4	1,082,387.4	464,361.3	28,722.3	46,586.6	54,869.3
Rank	**Parent Company**										
1	General Motors Corp.	731,525.9	144,977.8	11,812.1	47,524.8	1,884.4	422,367.2	55,645.4	7,941.4	9,729.1	29,643.7
2	Ford Motor Co.	323,149.7	99,809.6	606.3	11,434.6	2,563.3	141,894.6	51,355.5	4,050.4	5,470.0	5,965.4
3	Chrysler Corp.	247,564.3	85,545.1	6,841.3	6,578.4	626.2	95,980.4	35,614.6	608.1	7,032.7	8,737.5
4	Honda Motor Co. Ltd.	156,514.0	47,760.3	842.7	2,579.5	82.4	80,234.5	20,180.6	--	4,200.5	633.5
5	Nissan Motor Co. Ltd.	150,113.1	18,458.1	101.6	5,045.4	624.9	40,827.1	81,582.9	2,397.5	1,075.6	--
CIGARETTES	Total**	688,610.3	395,956.3	47,652.3	47,157.5	197,816.2	--	26.7	--	1.3	--
Rank	**Parent Company**										
1	Philip Morris Companies Inc.	300,837.0	199,270.3	7,892.3	24,930.6	68,742.5	--	--	--	1.3	--
2	RJR Nabisco Inc.	187,129.9	118,927.5	4,886.7	10,240.3	53,075.4	--	--	--	--	--
3	BAT Industries PLC	75,166.6	33,649.2	5,231.7	5,297.0	30,988.7	--	--	--	--	--
4	Loews Corp.	67,169.2	15,637.0	15,333.3	1,582.5	34,616.4	--	--	--	--	--
5	American Brands Inc.	53,011.4	25,421.1	14,308.3	3,998.1	9,283.9	--	--	--	--	--

		9-Media Total $(000)	Magazines $(000)	Sunday Magazines $(000)	Newspapers $(000)	Outdoor $(000)	Network Television $(000)	Spot Television $(000)	Syndicated Television $(000)	Cable TV Networks $(000)	Network Radio $(000)
COMPUTERS & OFFICE EQUIPMENT	Total	588,615.0	263,646.8	8,261.3	61,788.0	2,321.9	187,913.3	30,862.8	2,640.8	14,933.3	16,246.8
Rank	**Parent Company**										
1	International Business Machines Corp.	103,710.1	29,685.0	1,343.0	13,220.9	20.9	52,412.1	1,724.3	12.0	571.4	4,720.5
2	Apple Computer Inc.	34,188.3	6,315.5	18.2	4,400.6	--	19,924.9	1,793.0	210.5	1,525.6	--
3	Canon Inc.	33,561.2	19,450.8	359.8	1,117.7	31.8	8,107.4	3,308.6	--	1,185.1	--
4	Xerox Corp.	24,243.0	6,245.8	25.3	2,644.0	54.1	14,970.6	15.2	66.2	221.8	--
5	Tandy Corp.	23,835.6	6,084.2	95.4	--	130.0	17,038.4	0.3	--	487.3	--
COSMETICS	Total	677,897.5	302,986.0	17,262.6	1,076.2	502.9	196,531.5	96,639.7	39,716.3	14,905.2	8,277.1
Rank	**Parent Company**										
1	Unilever NV	78,163.7	18,576.0	--	239.0	--	41,444.3	3,263.1	11,599.3	2,304.4	737.6
2	Revlon Group Inc.	65,579.9	37,807.4	6,623.1	86.0	23.9	14,618.6	3,697.9	1,342.5	1,148.1	232.4
3	Noxell Corp.	64,685.8	18,295.8	--	--	--	41,081.6	312.9	4,226.5	769.0	--
4	Estee Lauder Inc.	49,827.5	22,794.9	3,000.7	--	10.4	--	24,021.5	--	--	--
5	Nestle SA	49,113.1	25,535.4	1,569.0	--	3.0	10,456.9	11,342.3	199.0	7.5	--
DRUGS	Total	1,147,835.3	89,152.9	7,140.5	9,545.8	745.1	686,611.4	150,413.2	91,994.8	53,647.1	58,584.5
Rank	**Parent Company**										
1	Johnson & Johnson	136,980.9	12,392.7	1,144.4	0.6	81.9	103,882.1	7,771.1	7,112.1	4,596.0	--
2	American Home Products Corp.	128,876.9	6,204.2	77.5	150.5	--	104,434.9	8,874.3	1,906.7	4,737.7	2,491.1
3	Procter & Gamble Co.	110,939.9	10,271.1	530.0	835.2	39.5	46,124.4	19,797.4	15,207.9	7,374.4	10,760.0
4	Bristol-Myers Co.	78,661.4	2,478.8	37.4	--	--	51,736.8	3,717.2	12,737.4	4,200.3	3,753.5
5	Warner-Lambert Co.	76,292.6	2,899.0	411.7	134.1	441.0	43,074.0	14,584.8	7,079.8	1,073.3	6,594.9
FINANCIAL SERVICES	Total	1,013,547.7	124,723.2	5,238.7	534,467.9	33,497.6	107,645.9	186,138.3	2,112.3	15,716.4	4,007.4
Rank	**Parent Company**										
1	Citicorp	58,125.4	9,805.8	13.6	16,277.8	57.4	25,058.7	5,129.2	23.1	1,759.8	--
2	Merrill Lynch & Co. Inc.	27,323.4	5,508.1	483.4	4,993.1	60.7	15,510.4	30.6	--	737.1	--
3	American Express Co.	19,445.6	2,813.6	478.6	4,210.4	8.1	10,714.0	421.3	--	799.6	--
4	BankAmerica Corp.	18,664.2	1,126.7	3.6	9,178.6	3,038.6	--	5,316.7	--	--	--
5	Ahmanson HF & Co.	18,433.2	--	26.9	7,425.0	90.5	--	10,890.8	--	--	--
PREPARED FOODS	Total	1,236,087.4	93,383.3	3,581.1	13,399.1	1,507.0	680,477.8	307,102.6	80,587.8	36,601.4	19,447.3
Rank	**Parent Company**										
1	Kellogg Co.	367,797.2	6,570.6	100.5	394.7	--	305,128.1	31,516.1	21,026.3	3,060.9	--
2	General Mills Inc.	221,286.7	7,952.6	--	118.2	5.0	85,937.6	108,257.7	2,144.9	14,892.4	1,978.3
3	Philip Morris Companies Inc.	152,377.0	10,582.6	421.6	304.5	56.7	75,394.3	37,290.3	22,912.2	5,414.8	--
4	Quaker Oats Co.	75,408.2	8,343.5	597.6	263.3	14.8	47,386.3	7,905.8	9,394.6	1,502.3	--
5	Campbell Soup Co.	69,432.7	6,908.7	41.0	1,927.4	1,125.2	34,825.6	8,604.7	4,550.0	2,202.7	9,247.4
TRAVEL	Total	1,905,158.9	338,425.7	38,577.8	936,509.6	53,019.5	178,614.1	288,736.2	3,967.2	27,465.5	39,843.3
Rank	**Parent Company**										
1	Texas Air Corp.	105,029.4	3,094.4	843.4	86,630.2	1,329.0	1,921.6	10,917.5	--	293.3	--
2	AMR Corp.	82,566.9	10,698.2	719.1	40,151.1	303.0	11,236.9	18,529.0	10.0	436.0	483.6
3	UAL Corp.	79,724.0	7,793.0	281.5	11,955.4	436.7	42,483.0	11,744.8	--	1,897.5	3,132.1
4	Delta Air Lines Inc.	63,919.8	1,941.1	11.1	24,696.2	1,482.4	29,234.6	4,645.1	126.6	1,782.7	--
5	Holiday Corp.	45,949.3	3,310.8	172.4	14,595.9	4,496.6	16,112.8	5,070.5	--	2,190.3	--

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**Note: Less Procter & Gamble and Kimberly-Clark disposable diapers.*

***Note: Includes tobacco products and accessories.*

ALCOHOLIC BEVERAGES

INDUSTRY 1990 OUTLOOKS

Beer and wine will spend in moderation this year, but the sagging spirits will follow the leaders and up their ads.

by Anitra Brown

Battered by the anti-alcohol movement and the public's growing perception that alcohol is a drug, there's little to cheer about in the wine, spirits and beer industries. Warning labels are now in effect, but more threatening are the volume losses that run almost across the board.

There are a few bright spots. Absolut vodka has rocketed onto the top-ten spirits list, teaching the competitors a marketing lesson or two. Varietal wines, particularly chardonnay and white zinfandel, are growing. And Gallo is doing well with its heavily advertised white grenache. But the gigantic beer market, which has fared better than wine or spirits, is losing its fizz. Steamroller Anheuser-Busch is discovering the upper limits of its growth, while niche success Corona has taken a nosedive. Also in trouble are whiskies, especially those without ad support, and any producer of generic wines (chablis and burgundy) besides Gallo.

Meanwhile, major industry headaches are looming. Alcohol is a likely target for higher excise taxes in 1990. And there are growing concerns about restrictions on advertising, including limits on beer sponsorship of the NCAA basketball games on CBS. But, short term, the gulf between talk and action remains wide.

Each segment of the industry is responding differently to this harsher marketing environment, but overall ad spending is trending down. LNA reports that for the 12-month period ended June 30, 1989, alcoholic beverage spending was $1.09 billion compared with $1.17 billion for the same period ended June '88, a 7% cut totaling $82 million.

Beer accounts for nearly 70% of alcoholic beverage spending, double its share in 1975. But the ballooning budgets of the '80s appear to have peaked at $900 million in 1988. Mega-budgets are being pared as the industry consolidates, volume begins to slip and price becomes a key weapon in maintaining consumer loyalty.

Big spender Anheuser-Busch has a comfortable enough spending lead — more than two-to-one over its nearest competitor — to narrowly shave its $330 million ad budget. Network television is the preferred medium for the industry, with 44% of spending, and sporting events remain the perfect way to reach beer's male audience. Spot television's 26% share should increase slightly in 1990, as others emulate Miller Lite's successful regional promotion in Texas. Number-three Coors is trying to acquire Stroh so it can reach the scale necessary to compete nationally with A-B and Miller. But for now, the case is tied up in anti-trust courts.

Distilled spirits have been the hardest hit of alcoholic beverages, dropping 30 million cases, or 17% of its volume, in the 80s. Budget cuts have been even more severe, with media spending going from $348 million in 1980 to $240 million in 1988. But after a decade-long pattern of spending cuts, expect a more aggressive stance from the survivors. Total spirits spending will probably run 10%-15% higher in 1989.

The reason? Stunned by the success Absolut had with its super-hip campaign, spirits marketers retrenched and reevaluated their stodgy creative. Now they have come up with better campaigns, raised their prices and are investing to be one of the players in a shrinking market. Most of the spending will be in magazines.

Wine consumption continues its downward spiral, and spending follows. Excluding coolers, total spending is less than half its peak of $190 million in 1982, and there will be further cuts in 1990. Once-mighty brands like Riunite, Paul Masson and Taylor California Cellars have fallen fast and hard, leaving little money for promotion.

Gallo, which has fared better and cut the budgets less deeply than its competitors, is the major factor in wine advertising. It has an available budget of about $55 million (including coolers), which is shifting into varietal and cork finished wines. Broadcast remains Gallo's favorite medium, but magazines and spot radio will benefit from the surge in smaller volume varietal wines.

The big cuts on coolers came in 1989, with Seagram and Gallo emerging as the only viable survivors in a badly slumping category. Total expenditures, which peaked at $150 million in 1986, ran about $20-$25 million in 1989. Further cuts from the two survivors are unlikely. Having invested heavily to attain this position, neither will cede the market. ■

APPAREL

INDUSTRY 1990 OUTLOOKS

There's more trouble ahead for the general merchants, and ad efforts by specialized outlets won't offset the flat ad dollars.

by Rebecca Fannin

Sales growth in the $157 billion apparel market should continue to be a sluggish 5% this year, barely outpacing inflation. Ad expenditures of $756 million are expected to be up a slight 3% as money is directed instead to promotions and special events to woo shoppers into stores.

Retailers and apparel manufacturers are strained as the baby-boom generation grows up and becomes more conservative about spending on the latest fashions. Additionally, the mall-construction boom has produced a glut of clothing stores.

But the news is decidedly better for the industry than in 1987 and 1988, when consumer apparel purchases showed little or no growth. American women mostly shunned the mini-skirt and held off buying until more classic designs emerged last year. As many began to fill up their closets again, purchases grew by 9% in the first half of 1989. The women's segment, which represents 58% of sales, increased by 11%, led by strong gains for casual sportswear, party clothes and Barbara Bush pearls. For men's clothing, which represents about one-third of the total market, dollars sales were up 6%-8% for the first half of 1989, but unit sales dropped slightly due to resistance to high prices.

Signs of health at the beginning of 1989 weren't expected to last throughout the year, however. A disturbing trend is that people are buying later and at higher discounts. "The magical word used to be 30% and 40% off," says Alan Millstein, editor of the *Fashion Network Report*. "Now it's 50% off."

Many large department stores have little choice but to mark down prices. Several companies that snapped up retail chains are so weighted down with debt that they feel forced to start slashing prices at Christmas to increase sales. The fourth quarter is crucial to retailers, representing 70% of profits and 60% of sales.

As a result of this pinch, stores are cutting fashion-image advertising. They are running sales ads instead in newspapers and city magazines, a medium that upper middle-income department stores increasingly favor. Television remains far too expensive for most except large national chains.

There is no end to the proliferation of catalogs, however. Sales for this $9 billion segment should be up by 10% to 12% in 1990, with prestige mail-order houses leading the way.

On the retail front, consultant Carl Steidtman of Management Horizons foresees hyper-specialized stores that only offer selective merchandise such as socks, polka-dot shirts or hats. Powerful niche players like the Limited and the Gap are also maintaining growth rates of 10%, he says. The Limited has begun its first national advertising campaign, worth $10 million, in fashionable magazines like *Vogue* and *Vanity Fair*.

The era of the general merchant seems doomed, meanwhile. At troubled Sears, everyday low pricing has meant fewer promotional dollars, but a need to advertise the program. Sears was locked into newspapers through the end of 1989 and is planning to launch a major television and radio campaign this year and cancel advertising in smaller newspaper markets.

Big department stores continue to have financial problems and look to promotions to sustain cash flow. Strapped financially, stores such as Bloomingdale's are cutting ad expenses by as much as 8%. Expect more stores to follow B. Altman's and Miller & Rhoads into bankruptcy proceedings this year, consultants warn. To hang on, consultants are predicting that mass merchants will begin selling space in their stores to manufacturers, in effect turning the stores into "mini-malls."

Meanwhile, discount outlets are turning in record performances. Wal-Mart's sales were projected to be up by 20% in 1989, and Target Stores are also strong, with a 7% gain expected.

In addition, heavy competition in the athletic shoe market is driving ad spending growth. Reebok, Nike and LA Gear rank among the top nine ad spenders in the apparel industry, with Reebok leading at $42 million, followed closely by Nike with $41 million. The two top contenders split dollars between television and magazines, while LA Gear, which is playing a fast catch-up, has directed most of its $15 million budget to spot television. Look for increased spending for the trio as this market continues to grow at a 8% pace. ■

AUTOMOBILES

INDUSTRY
1990
OUTLOOKS

As auto sales sputter and competition heats up, many makers are shifting gears in spending and overall strategy.

by Sandra Salmans

The U.S. automotive industry, having just careened through one difficult year, is almost certainly heading into another. With domestic capacity far outpacing sales and made-in-the-U.S.A. "transplants" replacing imports from Japan, competition is expected to be fierce and profits thin. "Nobody's making good bucks in today's market," says Tom Healy, director of media and advertising services at J.D. Powers and Associates, the California-based automotive-market research company.

Healy estimates that the industry sold 9.9 million cars in 1989 — down from 10.5 million in 1988 — and that sales will dip again in 1990, to 9.8 million. In 1991, J.D. Powers forecasts sales will rise to 10.1 million, but they won't approach 1986 levels — 11.4 million — until 1994.

The segments expected to enjoy the fastest growth during that period include luxury cars, sporty and sport utility cars and minivans. "It reflects the polarization of wealth in this country," notes Healy.

As usual, manufacturers are hoping that advertising — including incentive ads — will help put on the gas. In July 1988-June 1989, they spent a tad under $3 billion to promote their cars and light trucks (excluding dealer-association dollars), according to LNA. But their tactics and strategies differ widely.

Receiving most of the attention is General Motors, the category's biggest advertiser, which is not afraid to remind the media of its clout. The carmaker is demanding exclusivity from local tv stations, for example, and is reportedly holding publishers' feet to fire to receive discounts far above those on the rate cards. GM is also trying some innovative placements. Its Chevrolet division is one of five national advertisers sponsoring vignettes on NBC daytime.

While some other companies, notably the importers, are raising their budgets substantially, in Detroit the refrain is more bang for the same bucks. "My mission is to make every dollar look like five," says John Kramer, national advertising manager for Plymouth. Chrysler executives have a mandate to achieve $1 billion in cuts, across-the-board, by the end of the year.

Ford's advertising budget may not even keep pace with inflation, says Paul Hunt, vice president and media director on the Ford car and truck account at J. Walter Thompson. Hunt adds that there will also be little change in the media mix, but the continued need for incentive advertising will "be good news for newspapers."

Overall, the industry's traditional media mix — 70% television and 30% print, with very little outdoor — may change slightly to reflect large swings by other manufacturers. Plymouth, whose mix has typically been 60% tv, 40% print, is putting nearly 90% of its budget into tv this year, says Kramer. The division's new tv spokeswoman is Tina Turner. Meanwhile, the Chrysler division is heading in the opposite direction, shifting to 70% print, 30% television, to promote its more upscale lines.

Infiniti, the new luxury model from Nissan, is spending more than $60 million in advertising for this rollout year. "Whether the spending goes up depends on competitive pressure," says Dave Hubbard, the national advertising manager. "My personal feeling is that competition will push everyone's spending up."

Fun is a theme among some of the imports or transplants. Toyota's new slogan is, "I love what you do for me." The idea is to be "rational, but emotional too," says national advertising manager David Pelliccioni, who has 32% more to spend on Toyota cars and trucks this year than in 1989.

Honda, whose budget is up 20% to 25%, will be adding several new upmarket magazine titles and spot radio for the first time in several years to promote its new Accord, which will receive about one-third of Honda's advertising outlay.

Prime-time tv continues to be the most desired medium, and the Fox Television Network is signing up carmakers. Dodge, for example, will be a new advertiser on the *It's Gary Shandling*'s show. But cable is also picking up some new business. Cadillac will be advertising on both CNN and FNN, testing an 800 number. The division will also be the primary sponsor of the senior PGA tour on ESPN. Cadillac is also adding some upscale magazine titles to its list, and "we're keeping our eyes open for niche marketing magazines," says the division's advertising director, Peter Levin. ■

CIGARETTES

INDUSTRY
1990
OUTLOOKS

While the industry smolders, upped ad budgets fuel new options to steal share or support new product.

by Rebecca Fannin

The $35 billion cigarette industry is hardly on fire. There are tighter restrictions on where smokers can light up, a continued regulatory threat to inhibit advertising and fewer smokers as thousands kick the habit.

The number of cigarettes sold domestically declined by 4% last year; torrid international growth slowed to 7%; and once-dramatic profit growth dropped to 10% increases. But dollar sales are up by more than 3% due to price hikes. Last year's 13% jump resulted in the $1.50 pack. Climbing cigarette taxes, which account for one-third of the price, could push that up to $1.75 in 1990.

Cigarette marketers are resorting to three tactics: develop "healthier" low-smoke or reduced nicotine brands; get into price/value brands; and try to steal share from existing brands.

Given this fiercely competitive environment, marketing budgets are forecast to be up by approximately 3% this year. Cigarette manufacturers spent $688 million in the 12-month period ending June 1989, compared with $587 million for the same period a year earlier. Many assumed that Philip Morris and R.J. Reynolds would be forced to cut budgets to service debt, but analysts say that high cigarette profit margins of up to 37% should allow them to pay it off quickly.

As marketers jockey for position, look for increased spending in targeted media. In 1990, RJR is cutting national magazine spending by 25% in favor of targeted and regional advertising like billboards and newspapers. Direct marketing will also benefit, says Bill Moore, senior vice president, marketing, American Tobacco.

Most marketers decry heavy promotional budgets, but they're addicted to spending upwards of 60% of budgets on point-of-purchase, couponing and trade spending. Emphasis on generic and discounted brands is accelerating this trend. Also coupon values are rising, some as high as $3 per carton, says Harold Grant, senior vice president, sales and marketing, at the Liggett Group.

Philip Morris is a rarity in this depressed industry. It continues to steal share from competitors as it nears 40% of the domestic market. The macho-based imagery of Marlboro and the new Marlboro menthol deserve a lot of credit. With spending up by more than 18%, Marlboro's share rose from 23% in 1987 to 25% in 1988. And Marlboro is well-positioned for the future. According to financial analyst Emanuel Goldman, Marlboro accounts for about two-thirds of domestic cigarettes sold within the 18-24 age group.

Meanwhile, Philip Morris has pared spending for Virginia Slims while embarking on a major national campaign for Superslims, which recently went national without a test. The brand, aimed at Brown & Williamson's ultra-thin cigarette, Capri, is positioned as the first low-smoke cigarette for women. Analysts predict that Superslims should achieve $125 million in sales, or 0.5% share, in its first full year, making it one of the most successful introductions in a decade. Women now account for half the smoking population, but female-targeted cigarettes only have 4.4% of the total market. The company also is testing a "healthier" smoke, called Next.

Troubled RJR, whose share slipped nearly a full percentage point during 1988 to 32%, is increasing ad budgets for promising low-smoke brands and revitalized existing brands. Flagship brand Winston's ad support dipped 21% in 1988 to $31 million, and its share slid to about 11% after a four-year decline. But ad spending should double in 1990 after a switch to Young & Rubicam from McCann-Erickson. Spending should also be doubled for Camel, which made the same agency switch last summer. RJR has a new $35 million ad campaign for Salem, the third top-selling cigarette, with a 7% share.

In 1989, RJR sent its smokeless Premier back to R&D because of taste and regulatory problems. The company began testing Vantage Excel 100's, a brand that reduces the amount of smoke from the cigarette end. Also in test: Chelsea, which emits a vanilla-like scent.

Price/value cigarettes now account for 11% of volume. New brands include RJR's Magna, Liggett's Pyramid and two brands revived at discounts — Philip Morris' Alpine and B&W's Viceroy. American Tobacco could send prices even lower as it tests a sub-generic brand, Montclair. ■

COMPUTERS & OFFICE EQUIPMENT

INDUSTRY 1990 OUTLOOKS

Budgets should rise as business suppliers try to develop the consumer market.

by Joe Mandese

Given its emphasis on business-to-business marketing — sales calls to office purchasing agents, direct marketing and tactical use of vertical trade magazines — ad spending for computers and office equipment is expected to remain fairly flat in 1990. Some bright spots may emerge, however, as business equipment marketers discover the value of advertising for building their brands among both traditional business users and a slowly emerging consumer market.

IBM, for instance, discovered the value of branding in 1989 and established a division to build greater awareness for its products, particularly its OS-2 personal computer line. Copier and fax manufacturers such as Sharp and Canon, meanwhile, are expected to continue aggressive ad spending to develop a consumer market for a new generation of lower priced units.

But *Today's Office* magazine's annual buying survey indicates that PCs and peripherals will continue to dominate office-equipment purchases. Respondents ranked computers and various computer-related products as the top nine purchases planned for 1990. Tied for tenth were copiers and fax machines. While desktop publishing systems appear to have "peaked" as a driving factor in computer sales, *TO* editor-in-chief Eileen Feretic says specialized, high-tech applications are "getting hot," including presentation management systems (which adapt computer graphics for audio visual presentations); expert systems (artificial intelligence systems designed for specific business applications); and executive information systems.

According to LNA, the top-ten business equipment marketers increased spending by 7.2% to $338.1 million for the 12 months ended June 30, 1989 over the same period the previous year.

Although it actually trails Apple in PC market share (12.4% vs. Apple's 12.8%) according to 1988 Dataquest data, IBM dominates in PC ad spending. For the 12 months ended June 30, 1989, IBM spent a total of $95.6 million on computer advertising, nearly triple that of second-place Apple Computer, which spent $34.2 million over the same period. Apple, however, has dramatically expanded from its original home and education base into business markets.

"We see Apple gaining," notes *TO*'s Feretic. "They had done better in education and the home, but every year we see them gaining ground in the business market. Things like desktop publishing and presentation management are helping to bring them to the fore, because their Macintosh system is well designed for those applications."

According to Apple director of marketing communications Bruce Mowery, the market for PCs will slow from "historical growth rates of 40%-50%" to "something in the magnitude of 10%-15%." He adds, "We are confident that our growth will exceed the category norm." Apple's budget will continue to include a wide mix of media, with particular emphasis on tv. The firm will continue to broaden into more vertical business markets.

Apple's shift from the home to the office appears to be opposite what other business equipment marketers seek as they try to develop a true consumer base around the home office. Fax and copier marketers such as Sharp and Canon have been aggressive in their attempts to create a consumer market for business machines spending $16.5 million and $33.6 million, respectively, on advertising for the 12 months ended June 30, 1989.

This marketing shift will likely translate to increased ad budgets for consumer media like tv and print. "The home-office market is two years out," predicts Ray Boggs, director of the small business market strategy service of BIS CAP. However, strategic changes in pricing, marketing and distribution are shifting the business equipment base from business-to-business to a consumer approach.

Boggs estimates that the "lower end" of the office equipment business has annual sales of $24 billion-$25 billion, with $9 billion of that sold through retailers. This trend toward retail sales is creating a need for more traditional consumer advertising. "It is a function of both product changes and lower prices," he explains. "[The market is] moving away from corporate purchasing decisions, where a knowledgeable buyer buys products for many people, and toward a true consumer purchase decision, where the purchaser is the user." ■

COSMETICS

INDUSTRY
1990
OUTLOOKS

Ad spending will increase as industry giants slug it out for share.

by Nancy Nichols

Look for both advertising and sales promotion spending to skyrocket as the competition in the $16 billion cosmetics industry heats up. In the first six months of 1989, producers of lip, eye and face color, along with skin-care products and fragrance, spent $342 million on advertising, according to Leading National Advertisers. Spending should escalate in 1990 as Procter & Gamble and Unilever begin to flex their marketing muscles.

Both made significant acquisitions in 1989. P&G bought Noxell, which makes the popular drugstore lines Cover Girl and Clarion, while Unilever spent $2 billion buying up names such as Elizabeth Arden and Faberge. Unilever is already one of the world's largest advertisers, and this giant's presence along with Procter & Gamble should further ignite the cosmetics category.

"People are going to have to spend more to go against them," says Avon's new marketing head Simon Hemus. But the acquisitions are so recent that it is not yet clear whether their presence will mean a shift from print to television. The problem is that television is an inefficient buy, hitting many more consumers than the prime cosmetics target — women age 18-35.

Overall growth in the industry is expected to stay close to the 4%-5% growth level of the past year. But analysts predict that advertising and promotional spending will increase as bigger companies go after share in a stagnating market.

In-store promotions of prestige brands should also grow as cosmetics companies try to bolster spending in the sagging department stores. But their difficulties spell bad news for prestige cosmetics, which rely on big department stores as their single distribution source. Sales growth at cosmetic counters in department stores has slowed from about 12% in the mid-1980s to 7%-10% last year. As a result, prestige brands have gradually been losing share to mass marketers.

"The trend towards mass marketing began with color cosmetics in the early '80s, moved into fragrances in the late '80s and will continue into skin care in the 1990s," says Gary Mulloy, the new president of Maybelline.

Skin care is expected to be a hot category as baby boomers age, and unit growth of 4%-5% is expected for next year. In the first half of last year, cosmetics companies spent $121 million to advertise skin-care products (almost half of that in magazines), and that amount should grow as manufacturers put more emphasis on mass-marketed brands. P&G has already brought its mass-market tactics to the segment by offering a cents-off coupon for Oil of Olay in Sunday magazines.

Nail care is another bright spot on the horizon in the overall flat cosmetics industry. Nail-care manufacturers, who spent $25 million in the first half of 1989 to promote this sector, predict "explosive growth" in the 10% range for 1990. Look for the emphasis to be on technological changes. Next year, for example, Avon will introduce Complex 10, a new nail product which features automatic delivery systems.

Industry consultant Alan Mottus predicts the fragrance category will be flat to 2% down in terms of unit sales in the coming year. Women's fragrances have been a declining category in unit shares but, because of price inflation, showed a 3.5% increase last year. Still, new launches will continue, with heavy spending expected for Noxell's new perfume called Navy.

Men's fragrances continues to grow, with at least six new product introductions last year alone. Shearson Lehman analyst Andrew Shore predicts this segment, which has grown by 4% since 1983, will grow by 6%-7% next year. His/her fragrances continue to be the trend, with Avon planning to introduce new his and her fragrances promoted by Billy Dee Williams.

Color cosmetics, which includes lip, cheek and eye color, is another trouble spot in the industry. Consultant Alan Mottus predicts a 2%-3% unit growth. Look for more treatment-oriented make-up products that try to capitalize on the baby boomer's fear of aging.

All in all, advertisers will be spending heavily in an effort to capture market share in a rapidly consolidating market. There have been over 20 mergers in the industry over the last two years, which means fewer advertisers will spend more money as the stakes rise in the '90s. ■

OVER-THE-COUNTER DRUGS

INDUSTRY OUTLOOKS

While OTC drugs should grow 7%-8% next year, the real growth is a few years away.

by Brian Bagot

The near-term outlook for the $11 billion over-the-counter drug market is continued sales growth of 7%-8%. But in the coming decade, the aging of Americans and their growing interest in health care will spur investments as marketers try to reach them with new products and former prescription-only formulations.

"Because the population is getting older, the amount of drug advertising will just continue to grow," predicts Stephen Segal, executive vice president, media director at Lowe Marschalk, the agency for the McNeil Labs division of Johnson & Johnson. In the recent past, however, spending has been more cautious. Total ad spending in the category fell 5% to $1.15 billion in the 12 months ended June 30, 1989, from $1.21 billion in the same period a year earlier, according to Leading National Advertisers. With a $137 million budget, Johnson & Johnson was the leading spender in the category.

Jim Callandrillo, project manager of the pharmaceutical group of Kline & Co., a Fairfield, N.J.-based consulting firm, expects there will be pockets of extensive spending in the near future, however, particularly where former prescription medications enter the market. According to the Nonprescription Drug Manufacturers Association, there are about 50 products with switch potential.

Anticipating this, marketers of current OTC products are gearing up for the switches. This can currently be seen in antacids, where Smith Kline & Beckman Corp. is readying Tagamet, a prescription-only drug, for introduction into the OTC market. In response, Pepto Bismol is being positioned as the overall stomach/nausea remedy, while Maalox marketers are proclaiming that it's as effective as the anticipated new entry.

"Every antacid in the world is posturing itself, spending a lot of money to send a message that it's as good as the product to be launched or trying to distance themselves from it," notes Callandrillo.

Segal says network tv will continue as the dominant medium this year and attributes this to its appeal among the aging consumer population. "The great strength of network television is now among older people," he says.

Print's strength lies in its ability to let OTC drug marketers accurately target consumers and place their ads in books or sections relating to health. But it received just 9% of spending in the July-June 1989 12-month period tracked by LNA, 12% fewer dollars than it got in the previous year.

Jim Guthrie, executive vice president of marketing development for the Magazine Publishers of America, believes there will be a pick-up in print "later in the decade, because there's going to be a lot of educational health and preventive maintenance types of advertising."

This emphasis on education will be important as former prescription products begin to cross the counter. The last flurry of activity was in the late '70s and early '80s, with the most recent big switch being the analgesic ibuprofen.

Outdoor spending was flat in '89 at about $1.5 million. Although there was not much increase, specific categories saw spending go up. Medicated skin-care advertising went to $475,000, up 86% from a year ago, while cold remedies rose 31% to $764,000. Andrea MacDonald, director of marketing services for the Institute of Outdoor Advertising, notes the lackluster overall picture, but expects investments to go up about 3%-4% this year as some drug companies that are not traditional users of outdoor look to the medium.

Despite the potential boon to media spending, switches create a marketing paradox. While the move from prescription to OTC will fuel both market growth and ad spending, the first company to break the product will advertise the entire category since the active ingredients are identical. As Callandrillo explains, "If you tell everybody that this drug ingredient is the best and the greatest, and then you try to tie it to your brand, what happens when the other guy with that same ingredient comes out six months later? You've done a lot of advertising for him already."

Few products have been able to fend off this cannibalization and maintain their lead in the market, but Segal points to Tylenol, which was the first of the acetaminophen products and still holds the lead. ■

FINANCIAL SERVICES

INDUSTRY OUTLOOKS

Burdened by competition and cost-cutting pressures, financial services will experiment with non-traditional marketing methods.

by Pamela Ellis-Simons

In the shaky financial services industry, the question is, How bad can things get? Layoffs and cost-cutting still plague the brokerage industry and many S&Ls are "fighting for their lives," says John Keefe, vice president at Drexel Burnham Lambert Inc. As in 1989, they must continue advertising "like crazy to keep business on the books." But budgets won't be up significantly. Leading National Advertisers, in its estimates through mid 1989, reports that banks, brokers, mutual funds, S&Ls and exchanges spent $1.01 billion in nine media in the 12 months ending June 30, 1989, down from $1.03 billion the same period in 1988.

Doyle Lyons, analyst with Merrill Lynch & Co., says brokerage advertising "can't be cut back more than it has already" and anticipates dollars being flat to only down slightly. But investment houses and brokers are changing their media mix. Outdoor advertising, for instance, has already seen a great drop in broker advertising, says Andrea MacDonald, director of marketing services for the Institute of Outdoor Advertising. Largely because of the absence of one major brokerage, broker spending in 1989 plummeted to $352,000 from $1.6 million in 1988. Banks, credit unions and tombstone advertising will make up for that drop, however, bringing outdoor advertising by the financial services sector up 5.5% over 1988.

One investment house is keeping its advertising budget fluid to give the merged company's new senior management wide latitude for change. At CS First Boston, marketing director Jack Cowell expects to spend within 25% of last year's $5 million budget, "but it has a large contingency depending on what areas heat up." And the media mix is in for a creative change, due to the international outlook of the new marketing-oriented executives. Traditional ad campaigns may be replaced by public relations and special events like conferences between targets and company specialists.

Discounters must advertise aggressively in the face of recession to retain volume. Charles Schwab & Company's ad budget, for instance, will increase in 1990, says Emile Pragoff, director of advertising. Spot tv will rise as Schwab experiments with buying other than the top ten markets. Radio, at 5% of his budget, will get a modest boost. Print, at 35% of the budget, will expand, and due to a shakeout in investment books, Pragoff will increase buys in the tried and true: *WSJ*, *Barrons*, *Money* and *Investors Daily*. Cable tv, Pragoff's backbone, will stay constant.

A year of natural disasters and continuing price wars hurt insurance companies' earnings again in 1989, says Udayan Ghose, insurance analyst with Shearson Lehman Hutton. But 1990 might usher in a period of recovery where companies can afford to raise ad budgets. Both Aetna Life and New York Life will continue aggressive advertising stances begun last year. Aetna's 1990 budget will inch up a bit beyond last year's $15 million, says Christine Farley, assistant vice president of advertising. Last July the company began consistent spot, cable and print media exposure after several years of sponsoring network specials. The media mix favors spot at two-thirds of the budget, with cable and print sharing the remainder.

New York Life jumped back into the print and television markets last quarter after a long agency review and a switch to Chiat/Day/Mojo. The media for its corporate campaign ads has expanded greatly, says Linda Staniar, vice president of advertising. Print, however, will come down from the company's historical 15% share as New York Life focuses on cable.

In the relatively healthy banking world, Manufacturers Hanover Trust Co. will increase its ad budget only in line with inflation, says Paul Incarnato, corporate advertising director. The media mix, skewing heavily towards print, won't change. "I don't see anything happening in 1990 to cause banks to spend significantly more than in 1989," he says. "But there will be no cuts. We have to maintain a certain prominence in the marketplace."

Credit-card companies will feel the same pressure to continue advertising in the face of weak buying power. "Especially going into a recession, they must spend pretty heavily to keep up volume," says Drexel's Keefe. "Credit cards in general are very competitive." ■

PREPARED FOODS

INDUSTRY OUTLOOKS

Promotion dominates, but advertising may regain some ground as prepared-foods marketers push product advantages.

by Brian Bagot

Consumer lifestyles that dictate quality, health and convenience have put some spice into the food business. Frozen foods are taking the heat as refrigerated dishes offer more appetizing options; cereals maintain consumer interest with health claims; and new products aim for regional appeal. Microwave products, however, continue to be held back by problems with packaging and formulations that leave consumers cold. And dry items like canned goods, bakery mixes and canned soup are caught in a battle among themselves for share and shelf space. The result: 1990 ad increases may outpace sales promotion.

The 15 leading marketers of the $107.1 billion prepared-food industry, which includes dry groceries and frozen and refrigerated foods, had media expenditures totalling $1.1 billion during the 12 months ended June 30, 1989, according to LNA. That was 33% of the total marketing mix, estimates Landon Associates, a newspaper sales firm. Making up the remaining 67% was promotion, split 28% consumer and 39% trade, Landon notes.

Gary Stibel, principal of New England Consulting Group, a Westport, Conn.-based marketing management company, says the pendulum has swung about as far in the direction of promotion as it can. "It's going to stay high for the next few years and then begin to decline," he predicts. Landon, in its forecast, notes that Procter & Gamble has already reduced its promotion spending to create a better balance with its ad efforts.

Stibel sees equity enhancement budgets, which include advertising and items like packaging, going up about 10% next year, with about 6% compensating for inflation and 4% real dollars in 1990. Looking at all other promotion programs, including trade and non-equity enhancing promotions, the increase, according to Stibel, will be about 6%-7%, with most of it making up inflation.

With regionalization expected to become entrenched further into the '90s, localized media will gain added importance. Consultant Dan Swander, of San Francisco-based Swander, Pace & Co., says, "You'll see more regional spending, because they're going into underdeveloped or high-share markets to fix a problem or hold share. You'll see more fragmentation away from pure network tv, the category's medium of choice, to spot, cable and in-store." He also expects to see more co-op advertising. "They've replaced the national umbrella-type media coverage with the peculiarities of local-market purchases," explains Miller.

"Print allows food companies to be far more targeted in the audience they reach, and we've seen just an explosion in print use which will continue this year," says Bill Hale, president of The Hale Group, Denver. Looking at fresh prepared foods, Hale thinks that over the next five years most of the concentration in print will be regional, but the major brands like Kellogg, Quaker Oats and Heinz will continue to place an emphasis on national magazines.

Magazine expenditures in the industry rose 19.6% to $93.4 million in the 12 months ended June 30, 1989. Most of the advertising, according to industry watchers, is expected to focus on new products, with trade and consumer promotions carrying the existing business.

Stibel thinks the 1990's advertising pitches "will be focused more on product performance and substantive differences rather than pure imagery."

One trend that will dominate is the blurring of lines between advertising and promotion. Major marketers such as Campbell, Hershey and Borden are going to be testing more integrated programs in an effort to get more image out of the promotions and more promotions out of their advertising. Nonmedia sponsorships such as sports events, festivals and charity events are one way the biggies will tackle the new challenge, Landon notes in its 1990 forecast.

Most of those queried believe that the $15.1 million frozen-foods category, which has been experiencing only 3.5%-5% annual growth, is going to find it tough going unless they have a clear positioning such as Weight Watchers and Lean Cuisine. "The trend is fresh, perishable prepared-food items growing and the incredibly shrinking middle where the staple, dry-grocery part of the store is not holding its share of space," says Swander. ■

TRAVEL

The fast-paced travel industry is slowing down, and so are double-digit spending increases.

by Pamela Ellis-Simons

The travel industry has been zooming along for several years, but 1990 could be the year that the softening U.S. economy puts on the brakes. Airlines, cruise lines, railroads, car rentals, hotels and tourism bureaus spent $1.9 billion in the year ending 1989, up a robust 12% from the same period in 1988, according to Leading National Advertisers. Ad expenditures should rise in 1990, but they won't go up at such a breathtaking pace.

"I think some areas will run out of steam," warns Robert Coen, director of forecasting at McCann-Erickson New York. "Although ad expenditures have been pretty strong, it's tough to have gains on top of gains."

Most likely to see declines: outdoor advertising. Andrea MacDonald, director of marketing services at the Institute of Outdoor Advertising, says outdoor travel spending has been flat the last several years, with travel agent and tour advertising the strongest component.

The slowing economy may affect most airline spending. "My gut feeling is that we'll see a lower advertising growth rate in 1990 than in 1989," says First Boston Corp. analyst Paul Karos. He sees a squeeze on profits due to increases in capacity, a sluggish economy and an increasing labor and maintenance cost environment.

American Airlines says its ad spending and media mix will be unchanged as it pursues the leisure traveler. "But this industry is so competitive, that could change in two weeks," says a spokesperson. In fact, if fare wars break out, the carriers may have to increase budgets to promote them.

Alaska Airlines' ad budget will only increase in pace with media inflation, says Jeff Pinneo, director of advertising. Pinneo's media mix will include a slightly higher use of magazines for image advertising and a small shift towards spot tv at the expense of regional network feeds. As vacation tour products grow, he will increase newspaper and radio buys.

In the booming cruise line industry, advertising may take a backseat to support material as the industry launches a record ten ships. Carnival Cruise Lines' three new ships, for instance, "will mean a humongous expense in brochures," says Karine Armstrong, vice president of marketing for the industry giant. Ad budgets will increase only for inflation, and the redeployment of Carnival's fleet may mean more local newspaper ads.

Holland America Cruises, recently acquired by Carnival, will only increase its budget in line with inflation, says Rich Skinner, director of public relations. It will drop its network spots as it concentrates on cable networks like ESPN, Lifetime, USA Network and Arts & Entertainment. "Cable works just as well for us, and economy-wise, it is too expensive and too much a shotgun approach to do network spots," says Skinner. Newspaper and magazine ads will increase slightly over 1989.

Natural disasters last year caused some trouble for the cruise industry, which hopefully won't be repeated. Hurricane Hugo prompted Caribbean lines to substitute St. Thomas or other islands for hard-hit St. Croix, with some advertising changes. Holland America launched separate direct marketing and PR campaigns to offset travel hesitancy caused by the Exxon oil tanker spill in Alaska.

Merrill Lynch analyst William Trainer estimates that room demand in the hotel/motel segment will flatten in 1990, based on poor corporate profits. But Hilton Hotel Corp. is prepared to win share by increasing its budget in the first aggressive advertising push in years, says Hunter Phillips, director of advertising. New image ads will join an ongoing promotional retail campaign, boosting spot and cable tv buys significantly. And print budgets will rise thanks to a major co-op advertising program with individual hotels that target resort, leisure or convention travel.

Club Med, trying to broaden its clientele with the same $12 million ad budget, will increase tv and newspapers and decrease consumer print and outdoor.

Newspapers, cinemas and tv will get a $5.5 million boost from the first-ever national ski industry ad campaign for the '89-'90 season. "A lot of regional and local efforts by regional ski associations should double or triple that figure," says Mike Leonhardt, senior vice president and account director for the United Ski Industries Association at D'Arcy Masius Benton & Bowles, Chicago. ■

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Dave Braun controls almost $1 billion in his new planning and buying unit at Kraft General Foods. And you better believe change is on the way.

BRAND REPORT: COLOR COSMETICS

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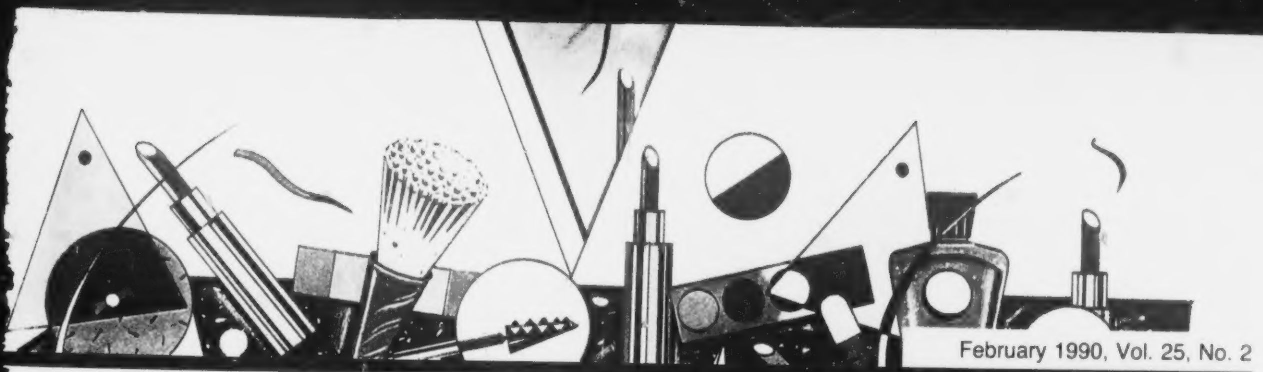

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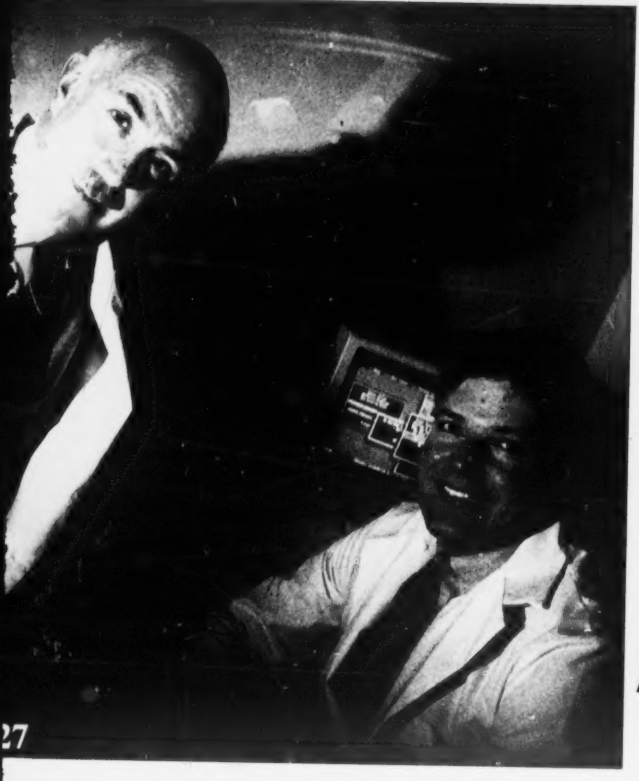

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Conventional wisdom holds that local tv doesn't belong in summer media plans. But that maxim overlooks opportunities for increased media efficiency.

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Nielsen estimates that remote tuners are now in 70% of homes, making it easier to flip and avoid commercials. But the number could be exaggerated since many sets are tuned through VCRs.

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AS THEY SEE IT

MEDIOLOGY

Ed Papazian

MAGAZINE BUYING: LET'S BE FAIR ABOUT IT

The zeal among media planners as agencies rush to negotiate lower magazine rates has become quite evident. Glee may be the proper word.

For the first time in years, agency people say that magazine buying is interesting again. "Now we can be heroes in print as well as tv," say media directors as they contemplate new ways to press magazines into better off-card rates, as well as innovative value-added proposals.

All well and good, but both seller and buyer should feel that they are gaining something by the process, and the question of fairness is coming up more and more with magazine ad directors and publishers. Many feel that they're being had, that negotiating off-card is, at best, a defensive strategy.

The value-added area is also a cause for complaint among publishers who make numerous proposals, only to see most of them ignored. One publisher says that less than 5% of his value-added ideas are followed up on, which is hardly encouraging considering the time and effort it takes to develop these offerings.

The opinions expressed in the "As They See It" section are personal observations by practicing professionals. They are not those of the magazine.

Both sides are just beginning to think out their strategies for coping with this situation. Like Young & Rubicam, large agencies will set up specialist buying groups to negotiate with the magazines, possibly seeking agency-of-record assignments (and added fees) from clients if they display superior expertise in rate and value-added dealings.

Magazines are responding with better sales approaches. Multi-title publishers will create firmer packages with forced pairings of books, rather than allowing buyers to cherry pick titles before negotiating. Salesforces will be restructured to confront buyers with a single selling team. Instead of six people calling on an agency — each assigned by account — only one person will handle the agency for all clients (*People* magazine has already moved in this direction).

The critical issue will be fairness. If rate cutting/value added can be demonstrated to improve magazine ad revenues in a meaningful way, it will be worth all the pain and anxiety it is now causing. If, however, the agencies exploit the fact that most magazines were unprepared for negotiated rates and value added, using their edge merely as a short sighted tactic to make a "better buy," a backlash may develop. If publishers see that rate cutting is not a boon to their business, but rather a way to limit print spending (or fund tv rate increases), they will have little incentive for playing this game.

The jury is still out on this issue, and the participants have time to shape the process into a system where everybody wins. To do this, a sense of balance and fairness is required.

"Make me a better price (or value-added deal) and you get more revenue" is the kind of negotiating stance that publishers would like the agencies to adopt. Instead, what they are hearing is "cut your price or you get nothing." If the latter position continues, the obvious retort will be "no deal," and everything moves back to square one, with no one ahead and lots of bruised egos. ■

TELEVISION

Dan Woodbury

Vice president,
media director,
Martin Williams Advertising,
Minneapolis

SUMMERTIME TV

In a recent meeting, a client asked, "Why are you recommending the use of local market television during the summer? Doesn't viewing decline because everybody is busy?"

It is a popular belief among advertisers and even among some media planners that television should not be used during the summer months. Although viewing patterns do change and some dayparts experience viewing declines, summer television can be an ef-

TABLE 1

Market: Chicago
Demo: Adults 25-54

	Average ADI Daypart Rating (Top 4 Stations)					
	May 88	July 88	Nov. 88	Feb. 89	Average	July Index
Daytime	2.0	2.3	2.5	2.5	2.3	100
Early Fringe	2.3	2.8	3.0	2.8	2.7	104
Early News	3.3	4.3	4.0	4.5	4.0	108
Prime Access	4.3	4.8	7.0	7.3	4.9	81
Prime	8.0	5.6	8.8	9.0	7.9	73
Late News	9.5	7.8	9.0	8.3	8.7	90
Late Fringe	4.8	4.5	4.8	4.0	4.5	100

Market: Los Angeles
Demo: Adults 25-54

	Average ADI Daypart Rating (Top 4 Stations)					
	May 88	July 88	Nov. 88	Feb. 89	Average	July Index
Daytime	1.8	1.5	1.8	1.5	1.7	88
Early Fringe	2.5	2.5	2.8	2.8	2.7	93
Early News	3.3	3.3	4.0	3.8	3.6	92
Prime Access	4.9	4.5	5.5	5.4	5.1	88
Prime	7.3	5.3	6.8	7.8	6.8	78
Late News	5.3	4.3	4.8	5.0	4.9	88
Late Fringe	2.3	1.8	2.0	2.0	2.0	90

Source: Arbitron

TABLE 2

Market: Chicago
Demo: Adults 25-54

Daypart	July Viewing Index*	July Pricing Index**
Daytime	100	56
Early Fringe	104	75
Early News	108	83
Prime Access	73	92
Prime	90	90
Late News	100	80
Late Fringe	81	82

Market: Los Angeles
Demo: Adults 25-54

Daypart	July Viewing Index*	July Pricing Index**
Daytime	88	66
Early Fringe	93	94
Early News	92	98
Prime Access	88	104
Prime	78	85
Late News	88	88
Late Fringe	90	81

*Source: Arbitron
**Source: Donovan Data Services (index calculated against 4 quarterly cost-per-point averages)

ficient media buy.

To start, let's look at the facts. How much does viewing actually decline in the summer when compared to other quarters? Table 1 shows the quarterly television viewing patterns of Chicago and Los Angeles for a demo of adults 25-54. The first thing to notice is that the summer months affect each market differently. In Chicago, summer viewing in four of the seven dayparts actually holds or increases, with indices at 100 or higher compared to the quarterly average. Prime access and prime take the largest viewing declines, while late news viewing holds reasonably well at an index of 90. In Los Angeles, viewing declines in every daypart, but six of the seven dayparts drop only to an index of 88 or above.

The point in both cases is that large audiences are still viewing television. If these audiences can be purchased at a favorable price, the use of summer television can be an efficient media strategy.

To explore this idea further, Table 2 examines quarterly cost-per-point price fluctuations by daypart in both markets. As suspected, there *are* dayparts which offer efficiencies, despite audience declines.

Once again, there are differences between the two markets. In Chicago, summer pricing declines exceed viewing declines in four of the seven dayparts, creating a cost-efficient situation. Two other dayparts have pricing declines that match viewing declines. Only prime access becomes relatively inefficient in the summer.

In Los Angeles, two of seven dayparts have larger price declines than viewing declines, while two others have about equal declines. Daytime, early fringe, late news and late fringe are comparatively cost efficient in both markets. This creates an opportunity to change a media plan's summer daypart mix to match viewing patterns while maintaining or even increasing cost efficiency.

These numbers are not projectable to every market, but they do indicate that creative planning can identify opportunities for increased media efficiency in local market television during the summer.

In addition to an altered daypart mix, there are a few other tactics which can maximize the efficiency and impact of summer television:

- **Movies:** Even though prime-time viewing declines because of re-runs, summer movies usually do well. An astute buyer can seek out reliable movie titles (found often on independent stations) that can deliver a solid prime number.
- **Hour-by-hour scheduling:** In the summer, the later hour of prime (10-11 P.M. EST) generally performs more consistently than the earlier hours. If using prime, an emphasis in the later hour can yield more reliable results.
- **Special events:** Even though fresh prime programing can be scarce, special events (award shows, entertainment specials, news specials) are original programing which can deliver a decent prime audience.
- **Sports:** Depending on the demo, sports can sometimes substitute for prime points in delivery.
- **Select prime programing:** Weekly programs, such as *20/20* and some Fox programs, have new segments during the summer.
- **Repeat programing:** Some types of programing repeat well (comedy)

and some do not (episode drama). When buying summer prime, purchase types of programing which are more likely to repeat well and look to purchase counter programing to those which do not repeat well.

- **Cable tv:** In general, summer cable viewing declines less than network, probably due to more fresh programing options. Increasing cable's portion of the overall buy for the summer can help to minimize audience losses.
- **Sweeps scheduling:** Much of the summer prime programing is not "fresh." The July sweeps period, however, usually offers a higher concentration of original programing because of the networks' desire to boost sweeps ratings.

Whatever the strategy or tactic, let's not abandon summer television for the wrong reasons. Obviously, media such as radio and outdoor are strong summer performers. But television can still be a solid mainstay of any summer period media plan. ■

RESEARCH

Alice K. Sylvester

Vice president, senior associate media research director, J. Walter Thompson, Chicago

CONTROLLING REMOTE

Nearly 23 million new television sets were sold in 1988, an all-time record. And 13 million VCRs were sold, too, just 300,000 shy of 1987's record-setting level. How many of the tv sets do you suppose came equipped with remote tuners? Nearly all of them.

That's why we shouldn't be surprised by the enormous increase in remote-tuning penetration that Nielsen has been showing for years. The number of homes with remote tuners has grown in huge chunks — we've added 30% and sometimes 40% more homes each year to the remote universe.

Only four short years ago, fewer than 30% of homes had remotes. In 1989, 70% of homes had remote tuning capability.

To me, dramatic increases in remote-control penetration spell dramatic increases in flipping and commercial avoidance — 70% remote penetration is enough to represent the critical mass for changed tuning behavior.

But in researching the growth of remote tuners, we found that Nielsen includes any remote device — whether it's attached to the VCR, the cable box or the set itself — in the penetration estimate. This is a good approach only if all VCR homes tune their television sets through the VCR. In some cases, reception can be clearer when tuning the set through the VCR because many VCR tuners are of higher quality than the set to which they are attached.

To learn more about the sources of remote growth, J. Walter Thompson asked Nielsen to do a special analysis of homes in their sample which changed status from a "non-remote" home to a "remote" home.

In our study, JWT found that VCR purchases now accounts for half of all changes in remote status. In previous years, the purchase of new television sets and the acquisition of cable were the driving forces behind increases in remote penetration.

Many VCRs probably shouldn't be included in the remote estimate because, while they have the capacity to provide remote tuning, many are not used for that. Remote-tuning penetration would be a full 10 percentage points lower if VCRs were removed from the estimate! That is important to keep in mind.

Interestingly, we also found that the number of homes that do not change remote-control status is increasing each year — in 1988, 88% of their sample did not change equipment status. This fact certainly indicates a slowing of household-based remote penetration and may also suggest that we're reaching a ceiling or saturation level.

Getting an exact remote estimate and learning as much as we can about remote growth is important because remotes have the potential to significantly alter household viewing patterns.

Remotes don't change viewing patterns. They just accentuate them.

Although we haven't seen a good (meter-based) "zapping" study for years, we know that homes with remote-control devices flip channels significantly more often than non-remote homes. Studies by Nielsen and IRI in 1984 showed that remote homes change channels a lot — during commercials and even during programs.

Our going-in assumption was that remote-control devices have a profound impact on viewing patterns. In that respect, we were right: Flipping levels increase by approximately 75% when homes acquire a remote tuner.

But what surprised us the most was the general level of in-program and break-time switching that occurred before they had remote devices. This fact suggests that remotes don't alter existing patterns; they merely accentuate them!

That's good news . . . maybe. What we learned was that remotes don't really cause anyone to view television differently. Household tuning patterns don't seem to change when people get new sets, new VCRs or cable television. That is, they don't change in the short-term.

This limited study will be revisited and expanded to give us better longitudinal measures of the changing face of television viewing dynamics. The new generation of electronic-age viewers will certainly bring us their own unique dynamics. ■

BRAND REPORT

No. 168: Color Cosmetics

BEAUTIFUL SCHEMERS

by Brian Bagot

The world can be perfect, and anyone wearing the right brand of color cosmetic can be a part of that perfect world, suggest cosmetic marketers. There's the flawless Paulina pushing Estee Lauder. The world's most famous models, not to mention Mr. & Mrs. Frank Sinatra, ask women to join their ranks by using Revlon. And if perfection to you is fresh and wholesome, then just dab a bit of Cover Girl on your nose and hit the hiking trail.

But like other fantasy worlds, the color-cosmetics business is not as pretty as its ads portray. It's big business, about $2.38 billion in manufacturers' dollars, and John Horvitz of Horvitz & Appel Associates, cosmetics management consultants, says another 40% can be added to get a measure on the size at retail. With the big bucks come the big headaches, ranging from fierce com-

SUE LLEWELLYN

COLOR COSMETICS EXPENDITURES (000)
October 1, 1988 – September 30, 1989

	Media Total	BAR Network Television	BAR Spot Television	BAR Cable Television	BAR Syndicated Television	BAR Network Radio	LNA Magazines	LNA Sunday Magazines
Cover Girl	33,664.9	16,045.6	360.9	378.8	668.4	—	16,210.7	—
Maybelline	30,964.0	10,622.4	103.1	3,575.0	1,032.0	1,503.5	14,128.0	—
Revlon*	15,229.9	6,075.1	64.6	441.9	827.0	—	7,347.9	473.4
Estée Lauder	5,910.8	—	1,723.3	—	—	—	3,883.9	303.6
Clinique	3,133.1	—	—	—	—	—	2,948.7	184.4
Lancome	5,096.3	—	—	—	—	—	4,603.1	493.2

Sources: Arbitron's Broadcast Advertisers Report (BAR), Leading National Advertisers (LNA), Media Records (MR)
No spot radio investments reported
**Revlon brand only. No Avon media expenditures reported by LNA*

petition to the marriage and break-up of major players.

Pharmaceutical giant Schering-Plough, for example, has followed the lead of other drug companies by selling off its slow-growth assets, including putting its Maybelline division on the block this past December. Talk in the market has Unilever pegged as the most likely buyer. Unilever has been on a cosmetics shopping spree since July, when it acquired two European cosmetics companies from Schering-Plough, as well as Faberge Inc., the maker of Calvin Klein cosmetics.

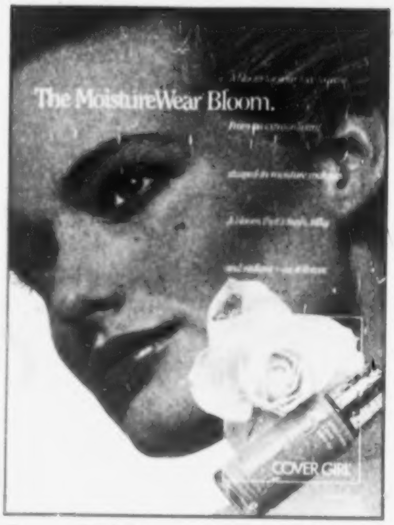
Several other possible Maybelline suitors include the Shiseido Co. and the Kao Corp. of Japan. A management buyout is also possible.

In another shift with major potential impact, the mass-market cosmetics industry changed its look in September when Procter & Gamble acquired Noxell, maker of Cover Girl, for $1.3 billion in stock. Grey then replaced Cover Girl agency Lintas.

Analysts are hedging their bets on what effect these moves will have on the overall cosmetics business, but with the possibility of two mega-advertisers holding the number one and two positions in the mass-market color cosmetics segment, competition is likely to get hotter, with ad and promotion dollars fueling the flames. Andrew Shore, personal-care analyst at Shearson Lehman, says, "Procter is going to change the tone of the market now that it owns Noxell, which means it will put more money in there. Who knows what the new owner will do with Maybelline. Both will probably put more money into them, and we'll see more products and more promotion."

On the surface, total ad spending of the leading nine color-cosmetics brands, including Elizabeth Arden and Revlon's Max Factor and Ultima II, fell 21.5% in the 12 months ended September 30, 1989, to $157 million from $200 million the year before, according to Leading National Advertisers (LNA). But some attribute this drop to advertisers who switched to other unmeasured media in search of relief from clutter.

As one ad executive who requested anonymity says, "We had things like the Whittle stuff, a lot of things were going on in the promotional world, plus point-of-purchase radio. Much is being done in the cosmetics category in new media."



Cover Girl is positioned at the upper end of the mass market.

Point-of-purchase is gaining favor, says one industry observer, especially with color being an impulse buy. "You try to get as close as you possibly can to the moment when she makes that impulsive move. That's why something like point-of-purchase radio is important to the media plans of these brands," he says.

Other POP displays take advantage of the moment, such as shelf cards and Clinique and Clarion's "computers" that help women decide what shade best suits them.

The color-cosmetics business is split into department-store brands, led by Estee Lauder, Clinique and Lancome, with 23%, 22% and 15% of that market, respectively, and mass-market brands, which have the larger share of the color cosmetics' dollar volume and the big ad spenders.

With the possibility of two mega-advertisers in cosmetics, competition could get hot as ad dollars fuel the flames.

The mass-market group is headed by Cover Girl with 21.2% of that market, followed by Maybelline with 19.6% and Revlon basic with about 15%. But Revlon with its Max Factor and Almay brands is able to control about 23% of the mass market. Avon is also up there in the mass market with about 10% share.

The mass-market color cosmetics business is about $1.37 billion, about 68% of the total, while department stores have a $650 million business, according Horvitz. Natalia Holynskyj, a consultant in the consumer group of Kline & Co., breaks out product share with eye makeup at 43%, lipsticks and glosses at 26%, bases at 17%, blushers at 9% and face powder at 5%.

Promotion's share of marketing dollars is heavy, particularly at the department-store level. Jack Salzman, a cosmetics industry analyst with Goldman, Sachs, says about 25%-30% of the cosmetics sales in department stores are generated through promotions, while the mass market sees only 10%-15% of its sales come from promotional campaigns.

While the department-store brands lean on promotions to get sales, the mass brands rely heavily on advertising, particularly magazines. There, the three leaders spent a combined $37.7 million in the 12 months ended September 30, 1989, in just about every women's service and fashion book on the shelf, as well as teen titles. Network tv spending totaled $32.7 million during the period, according to LNA.

Though spending levels are smaller, department-store brands also turn to magazines in a big way. The three leading department-store brands totaled $14 million in the nine media in the same period, as tracked by LNA, with $11.4 million invested in magazines. Only Estee Lauder used tv, with $1.7 million in spot.

Though tv is still an important medium, these brands want to show color and fashion, and 30 seconds just can't do it like print. Plus, as Horvitz explains, "The editorial environment is really right for these products. It helps build the image." In the case of Revlon, that image is fashion with its unforgettable women campaign. Lancome plays on its European heritage. Clinique plays up its hypoallergenic theme, while others such as Cover Girl have added skin moisturizers.

Given the current unsettled state of the market, few of the companies would comment on their media buying and marketing strategies, but one industry trade publication editor describes a "me too" guiding philosophy. "The media buyers will tell you that everybody likes to go where their competition is, so they meet head-on at every stage. If Revlon is looking at a buy in *Glamour* and Maybelline just bought a big spread, Revlon is going to buy," he says. "They don't look to stand totally apart from their competition."

Also, at the department-store level, there is a bit of a crunch going on, with analyst reports telling producers to stay away from retailers who are in trouble, such as Campeau Corp. But Horvitz doesn't think what's happening at retail is going to change the marketing philosophies of the department-store brands. "For every Altman's or Sakowitz or Bonwit Teller going out of business or in trouble, there's a new Nordstrom, Saks Fifth Avenue or May Co. branch ready to come in and pick up the slack," he says.

Following is how the leaders, based on market-share estimates in the color-cosmetics business, are attracting and holding buyers.

Cover Girl

The leader in the color-cosmetics industry with an estimated 21.2% of the mass market, Cover Girl is also the biggest media spender, with a nine-media total of $33.7 million. Television and magazine spending are split at about $16.2 million each, according to LNA.

Cover Girl is positioned at the upper end of the mass market. With its ads featuring cover girls such as Christie Brinkley in magazines as diverse as *Brides*, *Cosmopolitan*, *Working Woman*, *Seventeen* and *Good Housekeeping*, the brand portrays the same clean, fresh and natural look that was developed by Lintas almost 30 years ago. The primary target is women 18-24. Network tv flights ran on daytime soaps and game shows.

While that look continues, Lintas recently saw its relationship with the brand come to an end. New parent Procter & Gamble reassigned the account to Grey last November, apparently due to conflict concerns. Lintas also handles P&G's arch rival, Unilever. No one from Lintas, Grey or Cover Girl would comment on the change.

According to Arbitron's Broadcast Advertisers Reports, the brand was not active on network tv under P&G during the 12 months ended September 30, 1989.

In an effort to get a bigger share of the mass arena, Noxell introduced its Clarion line of cosmetics, which targets women who may be growing out of the Cover Girl demo, in September 1986. The Clarion brand is positioned as a hypoallergenic product like Clinique and is looking to tap into that market, but not on the department-store level. Current Clarion share is 2.3%.

ARE LASHES THIS LONG LEGAL?
New Illegal Lengths Mascara
smart.beautiful.
Maybelline

Maybelline tries to recapture the post-teenage consumer.

Maybelline

Maybelline, Cover Girl's strongest competitor with about 19.6% of the mass market, was recently put on the block by parent Schering-Plough Corp. as the drug maker divests of its slow-growth interests. Due to that development, the company declined to be interviewed for this story.

Although the brand lost the number-one spot to Cover Girl in 1980, they're now neck-and-neck, thanks in part to the Shine Free line. Introduced seven years ago as an oil-free product, it really caught on with the 14-21 target. "Maybelline has been real successful because they've gone after the teen market with trendy, faddy products," says Diane Mustain, cosmetics and personal-care analyst with Duff & Phelps. "There are a lot of disposable dollars there, and these girls want the latest new silver or pink lipsticks."

Maybelline has also added conditioners like Keratin to some products. Nipping at the heels of Cover Girl's Clarion, its mascara products have been repositioned as safe for sensitive eyes after retesting. In addition, higher-end products such as Illegal Lengths Mascara have been introduced to keep the post-teenage consumers coming back.

Targeting its core group of 18-44-year-old women, the brand spent close to $31 million in advertising last year, according to LNA, with $10.6 million going to network tv and $14.1 million in magazines that emphasize the theme "Smart. Beautiful. Maybelline" from DDB Needham Worldwide/Chicago.

Print titles included *Cosmopolitan*, *Good Housekeeping* and *Working Woman*, as well as *Seventeen*. Network tv ads ran on the soaps, *Perfect Strangers*, *227* and *Golden Girls*, according to Arbitron's Broadcast Advertisers Reports.

Revlon

Unlike the other leading brands, Revlon is the only one to be positioned in both the mass market and popularly priced department stores. As a result, it's primarily-print ad campaign, from house agency Revlon Creative Workshop, serves as an umbrella for the brand.

Although the print theme, "The most unforgettable women in the world wear Revlon," points upscale, Bonita Austin, an analyst with Wertheim Schroder, thinks, "What they're basically doing is advertising the department-store brand, but it falls out to the other brands."

The brand also has one-time print runs of celebrities (including Brooke Shields, Oprah Winfrey and Frank and Barbara Sinatra) in its efforts to stretch the umbrella a little further. Some think, however, the strategy has been stretched too far.

Goldman, Sachs' Salzman says, "I

Claudia Schiffer
Germany
Rachel Hunter
New Zealand
Paula Abbott
Alabama
Rachel Williams
New York
REVLON
NEW COMPLEXION LOOSE POWDER
The most unforgettable women in the world wear REVLON

Revlon's unforgettable women campaign serves as an umbrella for both mass and department store lines.

haven't the foggiest idea as to what they're doing. They're throwing a lot of money into advertising, but I don't think they're creating a unique image or focal point to the advertising," he says. "They have all these women, some of them stars, some of them models, and it's sort of like, 'Here they are — pick one you like.' I think they're so eclectic that they're missing the whole focus of creating an image for Revlon."

Still, by emphasizing the glamorous and sophisticated, Revlon is able to target the older (over 25) mass market buyer and avoid the battle between Cover Girl and Maybelline. Revlon has about 14% of the mass market and its department-store share is estimated to be under 10%.

The brand spent $15.2 million in the 12 months ended September 30, with the bulk going to its two-page "unforgettable women" spread in fashion and women's service books at a cost of $7.4 million, according to LNA. Titles include *Elle*, *Glamour*, *Harper's Bazaar*, *Rolling Stone* and *Seventeen*. Network tv flights include the soaps, *Growing Pains*, *Miss America Pageant* and *Today Show*, totaling $6.1 million for the period, according to BAR.

Avon

Avon's calling is direct sales, which is reflected in the fact that there are no color-cosmetics advertising dollars reported by LNA.

While some analysts say the Avon Lady is over the hill, she still rings up $200 million in color-cosmetics business, giving it about 10% of the mass market segment, according to Horvitz.

Recognizing that the times are changing, Avon restaged its color-cosmetics line with upscaled packaging and increased its representative count, but Diane Mustain at Duff & Phelps reports that the average order size is down, so this is kind of a mixed bag.

The brand has tried to upscale in the past without success and is now trying to build on its current customer base by offering more color cosmetics, as well as branching out into sundry items like videocassettes, children's toys and lingerie. The move is based on the idea that once a rep has a customer, she can sell her a wide range of products.

Avon's primary target is middle-income women from blue-collar families, although it has expanded into the white-collar stream as it relies on reps who are office workers to sell at the workplace. The company says about 25% of its business is through this segment, but several analysts think that estimate is on the high side.

The only thing that really distinguishes Avon from the other mass brands is its salesforce, notes Mustain. "It's not like their product is something new and unique. They often copy what other companies have already done, and the company is not seen as an innovator."

Currently operating under takeover rumors, the company declines to comment about any aspect of its business.

Estee Lauder

The leader in department stores with about 23% of that market, Estee Lauder is going through some changes. Recognized as an upscale brand for older women, Lauder has contemporized the line by adding new colors, dropping Ford model Willow Bay and signing on super model Paulina Porizkova for its latest campaign from AC&R in New York.

Packaging is key, with fluted gold-metal lipstick tubes and gold flecked,

Estée Lauder's new Signature Collection for Spring is the beginning.

Estee Lauder is counting on super model Paulina and agency AC&R to help the brand develop a youthful image.

glossy-blue compacts in its Signature line all maintaining the upscale image. The target is the career-oriented and sophisticated department-store customer. Lauder is entering the '90s by "marrying aesthetics to technology," which they say allows cosmetics to be "your most powerful accessory."

Advertising, which cost the brand about $6 million in the 12 months ended September 30, 1989, is heavily concentrated in the tonier magazines, such as *Connoisseur*, *New York*, *Vanity Fair* and *Town & Country*.

Despite these high-end placements, promotions still play a major role in attracting consumers to the brand. Some of these include gifts with purchase, purchase with purchase, sampling and demonstrations. No network tv was used during the period, but in a tactic that sets it apart from its competitors, $1.7 million was spent in spot tv.

Clinique

Number two in the department-store segment with 22% of that market, Clinique, an Estee Lauder brand, targets all levels of make-up wearers with hypoallergenic products and good prices, say observers. Its least expensive liquid make-up has a suggested retail price of $17.50, compared with Chanel, which has a $40 price tag.

Like other department-store brands, promotions such as buy-one-get-one, buy-one-get-something else and gift with purchase are used heavily and can generate up to 25%-30% of a brand's sales, according to Jack Salzman at Goldman, Sachs.

Advertising from AC&R totaled $3.1 million during the 12 months ended September 30, 1989, according to LNA, with $2.9 million going to magazines and $184,400 invested in Sunday supplements. Like its sister brand, *haute* lifestyle titles were used including *Gourmet*, *HG*, *Elle*, *Art & Antiques* and *Texas Monthly*. *Self* was also used to advertise its brand of eye make-up, according to LNA.

Clinique pioneered the idea of an interactive "computer" (actually, a simple series of sliding bars) to support its products at point of purchase. The computer asks eight basic questions, and from the customer's answers, it determines the skin type and condition as well as what shades should be worn.

CLINIQUE
More Personal.
CLINIQUE

The Clinique "computer" helps customers determine skin type.

Rose LaMont, cosmetics buyer for Weiss & Goldring, a three-unit department store in Alexandria, La., says the computer "exemplifies the care and service that the American consumer is looking for."

Lancome

A division of Paris-based Loreal and a big gun in Europe, Lancome is currently number three in the department-store segment, with about 15% of the market.

It's marketed here by Cosmair and is currently shooting at Clinique for the number-two slot. The ammo: a print campaign from Publicis emphasizing product advantages as well as the brand's European heritage. This is highlighted by naming the products in French, like its "Liner Plume" eyelining pen.

The line is targeted at fashion-forward department-store customers, according to Tony Michaels, senior vice president of marketing and advertising at Lancome. "Anybody who wants the latest in color and formula is who we're after," says Michaels. "We have an amazing cross section of people, from secretaries to the incredibly affluent."

Observers say the brand already has a strong following with younger consumers, so it's trying to capture the over 21 segment. Flagbearer is actress/model Isabella Rossellini, daughter of Ingrid Bergman and director Roberto Rossellini, who lends her heritage to the brand's European mystique.

Michaels thinks Rossellini brings a status to the brand. "And the fact that she's not 21 also helps us. Young girls love her and mature women love her. They can relate to what's on her face a lot easier than they can a 21-year-old cover model," he says.

Advertising during the period was primarily print, with $4.6 million going to magazines and $493,200 spent in Sunday magazines, according to LNA. Sample titles include *Elle*, *European Travel & Life*, *Gourmet* and *Self*. But Michaels adds that co-op dollars were also used on tv with store tie-ins. ■

From Lancome, Paris, the eyeliner that has opened the eyes of Europe to a brand new look
LINER PLUME
EyeLining Pen
Liner Plume EyeLining Pen ... the look all eyes are turning to
LANCÔME
PARIS

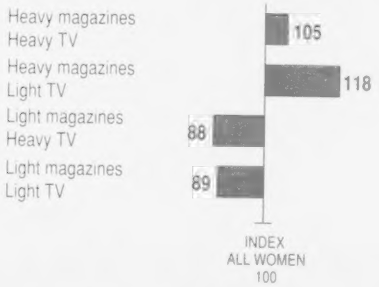
Lancome is using Isabella Rossellini and European heritage to appeal the "mature" market — over 21.

BRAND REPORT INDEX

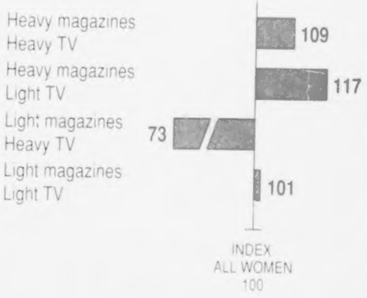
COLOR COSMETICS

How to read: Our indices of user demographics and media preferences are used to indicate the direction and amount of difference from the average. The index of the average is, by definition, 100. Thus, an index of 112 reflects a 12% above-average incidence. An index of 89 indicates an 11% below-average incidence.

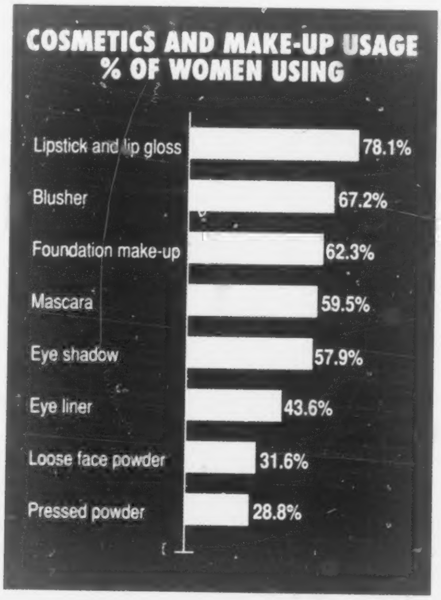
MEDIA EXPOSURE: HEAVY LIPSTICK AND LIP GLOSS USERS



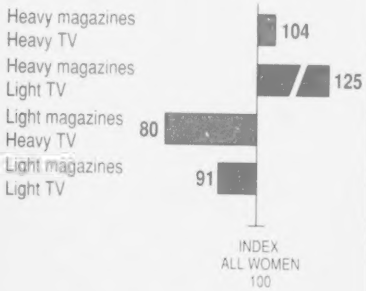
MEDIA EXPOSURE: HEAVY FOUNDATION MAKE-UP USERS



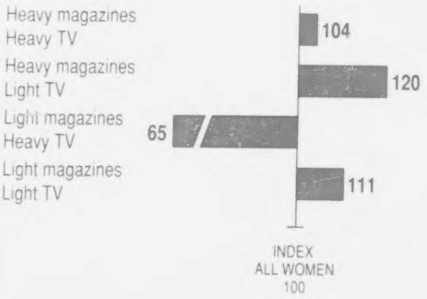
COSMETICS AND MAKE-UP USAGE % OF WOMEN USING



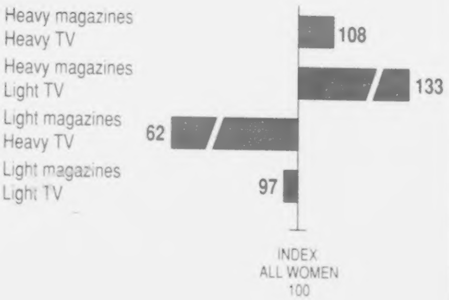
MEDIA EXPOSURE: HEAVY BLUSH USERS



MEDIA EXPOSURE: HEAVY MASCARA USERS



MEDIA EXPOSURE: HEAVY EYE SHADOW USERS



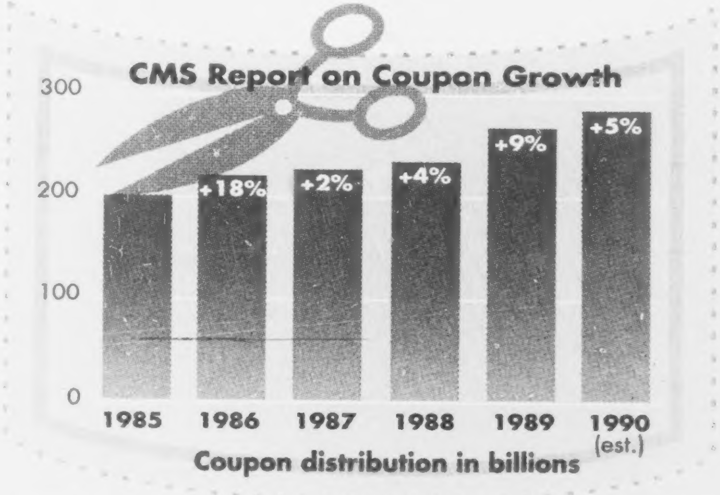
Source: Mediamark Research Inc. Spring 1989

SALES PROMOTION

by Russ Bowman

COUPONS COME OF AGE

Couponing, the promotional technique that dominated the last two decades, is entering a new phase. Its boom years are probably over, due in part to the fact that few major product categories have yet to enter the field. As a result, coupon services and publishers/mailers, like other media, are turning to added-value ideas to give their option a fresh spin. Meanwhile, retailers look for ways to make the most of all those coupons while paying the least.



Source: Carolina Manufacturers Service

The best sources differ on current coupon growth trends, but agree that it is slowing. Although all the figures are not tabulated for 1989, two of the services that keep a close track on coupons have made some early predictions. Summary Scan (a recent acquisition of the Advertising Checking Bureau) has predicted a mild 2% growth in the number of coupons distributed for 1989, but Carolina Manufacturers Service (CMS) sees a healthier 9% increase, with a somewhat more modest 5% increase predicted for 1990.

The industry has taken action to thwart misredemption in several highly publicized moves. Last year, local authorities, manufacturers' security managers, CMS, Mc3 and postal inspectors teamed up to catch foreign felons in Florida, counterfeiters in Texas and Larry Krasnick, the all-time king of the misredeemers, who attempted to rip off $44 million in coupons.

In a related effort to clean up "unintentional" improper redemptions, Food Marketing Institute (FMI), Washington, D.C., published a 24-page booklet, titled *Guidelines on Hard-to-Handle Coupons*. It is a very specific set of do's and don'ts on coupons, including a recommended size — six inches long, with tolerance to three inches, by two-and-a-half inches in width, with tolerance to two-and-one-sixteenth inches — endorsed by the Grocery Manufacturers of America.

In-ad coupons seem to be making a comeback, but to mixed reaction. To some, they are a good device for the retailer to offer brand-name savings at little or no direct cost to the chain involved. But compared to those controlled, printed and placed by manufacturers, in-ad coupons run the risk of serious errors.

CMS, one of the leading coupon redemption service companies, has developed a set of guidelines to avoid accounting and trade relation problems, resulting in a white paper that has been presented to Kelloggs, Hunt-Wesson, Kraft and several other CMS clients.

There appears to be a trend to shorter coupon expiration dates and a concurrent trend to fewer coupons with "no expiration date." Summary Scan reported in 1989 that only 5% of the coupons it monitored had no expiration date. CMS analysis of coupons nationally shows over half have expiration dates of six months or less.

The coupon media lineup is not expected to change drastically for the next year or two. Certainly FSIs will continue to account for over three-quarters of all coupons distributed. According to Ken Bortner, president of Product Movers/Quad Inserts, FSI pages for the combined insert publishers at Bortner's division of the Rupert Murdoch empire were up 10%. Newspaper ROP (both black-and-white and color) will probably remain the second most frequent place to find coupons, followed by direct mail.

Both selective/targeted direct mail and various techniques of coupon distribution at retail could make real breakthroughs in the 1990s. The Savings Spot, an interactive in-store computerized display that dispenses coupons and was introduced in Atlanta in 1989, continues expansion to North Carolina and Florida early this year and other markets in the fall. U.S. Suburban Press Inc., a network of 1,000 smaller suburban newspapers, adds markets not covered by the three national FSIs. And Citicorp P.O.S. Information Services has a long-term plan to build a data base of names and addresses that includes both demographics and purchase histories. The project is tied to the service's in-store frequent-shopper program. ■

DAVE FLAHERTY

POINT/COUNTERPOINT/

THE MEDIA'S PACKAGE PLANS

OPEN WINDOWS

For the past few years, clients have been throwing down the gauntlet to media departments, challenging us to demonstrate more creativity in our recommendations.

No longer can planners walk down the path of least resistance and present the same plan repackaged with new planning costs and updated syndicated research numbers. A comfortable mix of day and prime network tv plus magazines will no longer do. Even cable, which added a nice "creative" touch a couple of planning seasons ago, has become a gold standard by now.

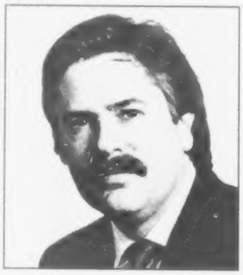
Advertisers face the ever-increasing problem of securing visibility. The proliferation of shorter units on network tv (some advertisers feel that they need 15s just so they can be on the tube) has created unprecedented clutter on the airwaves.

Magazines offer no easy solution either. It seems that every advertiser is demanding the best positions. Just how many advertisers can be far upfront, opposite a full page of edit?

With everyone trying to break out from the clutter, moving into spot tv, cable and syndication has been wise, but certainly not a panacea.

The new decade offers new solutions and "added value" has become a watchword of the industry. Good positions, product exclusivity and merchandising are among the added-value buzzwords with which we have become familiar. Now a new phrase, "multimedia buy," has appeared on the horizon, waiting to take its rightful place within media recommendations of the 1990s.

Personally, I am excited about the possibility of participating in cross-media opportunities. Not only will they enhance clients' communications programs — they will help shift marketing funds out of promotion budgets into advertising. And they will be fun to put together.



As planners we often recommend more than one medium to achieve synergy. If we can recommend more than two media to enhance reach, why not have the two work together as business partners to enhance our programs on other levels? Multimedia buys will lead to new, fresh environments for advertising messages and may even generate greater cost-efficiencies. Certainly, they will generate greater cost effectiveness, as the concept of cost-per-thousand becomes a bit less important than it always has been.

With large communications firms merging, it is only a matter of time until Time-Warner, et al, will beat a path to our doors with a myriad of multimedia ideas.

Many of the forthcoming packages will involve promotions, causing the line between advertising and promotion to blur even further. As a result, agencies will have a greater role in developing promotions and their revenues as the majority of marketing funds begin to shift back to where they should be . . . in the advertising budget.

Any planner with the slightest entreprenurial inclination will relish the thought of putting these cross-media deals together. Sure, you can wait for the Time-Warners of the world to come calling with their prepackaged programs — but why wait? As planners, we are fortunate to have contact with influential people in the media who can make things happen. Think of a multimedia idea and bounce it off of two acquaintances in different media. Introduce them to each other and watch your idea grow into a reality.

Today, I put a major woman's magazine in touch with a radio syndicator who produces drop-in programing used as filler by local stations. The magazine has a number of regular columns that could easily become 60-second programs surrounding a sponsor's commercial. What could result is more business for the media and enhanced visibility for an advertiser.

Media vehicles and advertisers are in business to make money; and if this has to be done with partners, so be it. While opportunities will abound, not all will be good and some may come with a high premium. But the astute media planner will find those with promise and nurture them.

The 1990s will find advertisers increasingly reliant on their media departments for let's-break-out-of-the-mold guidance. The media strategist who wants to enhance client visibility will have to incorporate multimedia buys.

Michael Gross is senior vice president/associate media director for J. Walter Thompson, New York.

OUR READERS TELL US . . .

Research USA, Chicago, reports that most agency respondents view multimedia packages as effective advertising vehicles, but few have actually used them. (Base = 106.)

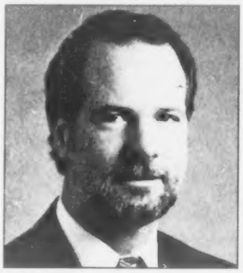
1. Media companies such as Capital Cities/ABC and MTV have been putting together multimedia package buys, offering advertisers an opportunity to buy both time on the air and space in related magazines. Do you see this as an effective way to place advertising?

Yes	84.0%
No	16.0%

2. Have you or your agency placed ads

A LIMITED VIEW

Value-added programing. Corporate-asset synergy. Marketing partnerships. Multimedia packaging. These overused buzzwords are a product of the merger and acquisition frenzy of the '80s. New media conglomerates recognized a vast pool of related publishing, broadcasting and other media and promotional resources and the search for synergy was on. The buyers' interests, however, came second.



The first multimedia packages lacked focus and direction. All too often, they were driven by the weaker asset (beneficial to the media company, but not to the advertiser) or given away as an added discount, e.g.:

- Inventory spoilage — unsold inventory usually given to Smokey Bear or used for self-promotion was bonused to advertisers.
- No charge value-added — additional incentives of cable, radio, outdoor or circulation were added to discount packages.

Both options lack a media or marketing focus. Furthermore, the use of multimedia as a loss-leader becomes just another form of price negotiation.

Fundamentally, media plans are constructed to fulfill objectives and are consistent with media and marketing strategies. In order for the media company, agency and advertiser to benefit, a multimedia package must address media/marketing considerations. The package should be efficient (in part and total), targeted, timely and add a substantial bonus to the plan. The package should be easily assimilated into agency billing systems and, importantly, maintenance should be the responsibility of the media company.

Once the media reason is established for a multimedia proposal, appropriate internal and external assets are considered. Individual components will work well in combination if their size, audience and cost are comparable. Mixing prime network spots with an advertorial in a vertical special-interest publication creates an equity imbalance. (The leverage of the prime :30s should have a favorable impact on reducing and eliminating the cost of the advertorial.) Moreover, there is no advantage to the network either.

On the other hand, cable, radio and magazines are comparable in coverage, focus and format. One medium is not in a position to have an impact on another. The total of the parts has a greater potential for effective synergy at competitive rates.

Once the media objective is satisfied by a compatible mix of targeted media, the final stage is management and maintenance. Generally the print component of the mix is the lead media. Traditionally, media planners are print buyers, not broadcast buyers. Advertisers also may become involved in the print buying process, but usually leave broadcast buying to the experts. Therefore, a relationship already exists among agency, publication and advertiser.

As guardian of our clients' money, we must be alert to the danger of paying for elements in the "package" we otherwise would not want, and paying more for the package than we would if the pieces we put together came separately from other vendors. There are a few effective pairings — Meredith and The Nashville Network and the ABC soaps and their *Episodes* magazine, as examples — but most packages still miss the mark. And due to its rigid criteria for packaging labor-intensive maintenance, only a select group of media companies and advertisers can take maximum advantage of multimedia programs.

Paul DuCharme is vice president and director of print media at Grey Advertising.

through such a package?		Client	12.2%
Yes	18.9%	Agency	31.3%
No	81.1%	Media	24.5%
3. When making such a buy, do you consider the print portion to be:		Not involved	35.8%
Value-added	37.7%	6. At the agency level, who is usually in charge of a multimedia buy?	
An integral part of the buy	59.5%	Broadcast buyer	17.0%
No answer	2.8%	Print buyer	6.6%
4. What do you see as the advantages of using multimedia packages for placing ads? (Check all that apply.)		Planner	68.9%
		Media director	8.5%
		Done as a group	6.6%
Cost efficiency	58.5%	7. How do you usually post-buy a multimedia package?	
Added reach	51.9%		
Unified message	50.9%	Each piece separately	38.7%
Greater overall impact	70.8%	As a whole	5.7%
5. Where do most of your multimedia deals usually originate?		Not involved	54.7%
		No answer	0.9%

ECONOMIC EYE

TV TRENDS

Duff & Phelps, a Chicago research and consulting firm, estimates network tv ad spending will increase 7% this year, with 6% gains for local and spot advertising. The real increases will be seen in barter and cable advertising, which the firm estimates will rise approximately 20%.

MAGAZINE AD SCORECARD

		Ad Pages Dec. 1989	% change fr om Dec. 1988	Dollars spent (000)	% change fr om Dec. 1988
1.	Skin care, Creams, Lotions and Oils	144.94	-5.8	5,550.8	-12.1
2.	Lip and Eye Beauty Products	42.30	14.3	1,615.4	27.1
3.	Scents and Fragrances	534.92	19.8	19,886.4	40.9
4.	Facial Makeup Products	33.0	-44.8	1,293.9	-45.2
5.	Prepared Dinners and Entrees (including pizzas)	29.46	-28.3	2,484.6	0.7
6.	Liquor	930.05	20.7	40,987.2	22.3
7.	Cigarettes	525.75	-20.4	32,105.1	-10.0
8.	Soaps and Detergents	21.0	200.0	1,470.6	184.2
9.	Passenger Cars, Domestic	513.39	-16.7	24,837.2	-22.9
10.	Passenger Cars, Imported	514.01	-12.1	24,642.7	-9.9

Source: Publishers Information Bureau as prepared by Leading National Advertisers.

MEDIA COST INDEX

The Media Cost Index is based on unit costs, which are the end-product of circulation audience and CPM adjustments. They do not represent the efficiency of a given medium, only the out-of-pocket costs.)

1985 = 100 ← 1989 →

	March	% change	Apr.	% change	May	% change	June	% change	July	% change	Aug.	% change	Sep.	% change	Oct.	% change
Network TV																
Daytime	68	–15	72	–7	67	–12	63	–14	71	–11	67	–9	76	-48	80	-28
Nighttime	125	+11	112	+13	127	+16	112	-8	125	+14	135	+14	120	+2	119	+19
Spot TV																
Prime time	125	–4	131	+5	126	+0.3	131	+5	132	+7	134	+7	117	-15	–	–
Daytime	97	–1	100	+5	101	–1	93	–0.2	107	+0.2	99	-1	94	-11	–	–
Network radio	139	+15	128	+10	131	+13	126	+8	121	+19	127	+15	127	+14	142	+8
Spot radio	118	+12	–	–	–	–	118	+17	–	–	–	–	112	+7	112	+7
Consumer magazines	122	+6	122	+6	122	+6	123	+7	123	+7	123	+8	124	+7	123	+7
Natl. Sunday magazines	129	+10	129	+10	130	+12	130	+12	130	+12	141	+10	141	+10	141	+10
Business publications	119	+2	119	+2	123	+6	123	+6	123	+6	123	+6	123	+6	123	+6
Newspapers	131	+6	132	+6	131	+6	131	+6	131	+6	131	+6	131	+6	131	+6
Outdoor	132	+8	132	+8	132	+8	132	+8	132	+8	132	+8	132	+8	132	+8

Notes: Percentage shown is relative change from the same month/period the year before.
*Revised

Sources:

Nighttime Network TV- Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service.

Daytime Network TV- Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service.

Network Radio- Cost per average 30-second radio announcement from BAR's Network Radio Service.

Consumer Magazines estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn.

National Sunday Mags estimate based on published (rate cards) costs of a page, four-color in the national entries.

Daily Newspapers estimate based on Newspaper Advertising Bureau report of SRDS costs per column inch of a sample of 784 newspapers weighted to represent the universe.

Outdoor Posters based on estimate prepared by Institute of Outdoor Advertising.

Spot Radio index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

Business Publications estimates based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications.

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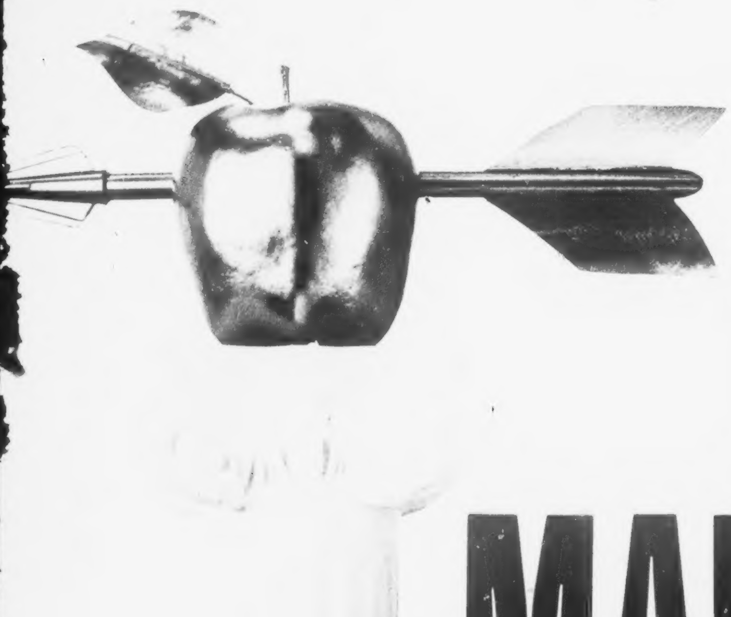

THE TOP MARKETING SUCCESSES OF 1989

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GREG CHRIS B001
CONGRESSIONAL INF SVC
4520 EAST-WEST HWY #800
BETHESDA MD 20814 **

MARKETING & MEDIA DECISIONS

COVER STORY

NICE SHOT! 29

Image, skill and execution were the ammunition for the top Marketing Successes of 1989.

PREPARED FOODS: HEALTHY CHOICE 32

It sounds so bland: low sodium, low cholesterol and low calorie. But this surprisingly tasty frozen dinner, created after ConAgra's chairman had a heart attack, is a robust performer in America's supermarkets.

AUTOMOBILES: NISSAN MAXIMA 39

It's sleek, it's sporty, it's sexy — and you can put the kids in the back seat. Nissan pulls into the passing lane with the restyled Maxima.

PERSONAL CARE: EPI PRODUCTS 45

All the major companies had a chance to import the Epilady, but refused. Then three sisters gambled that women will suffer for beauty and parlayed their winning bet into a line of personal-care products.

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Using the principles of McMarketing (and some of the author's former executives), Blockbuster Video has become the leading national video rental chain.

ALCOHOLIC BEVERAGES: MILLER GENUINE DRAFT 62

It may be cold-filtered, but Miller Genuine Draft is one hot product. It's the only full-calorie, premium beer that grew more than 20% last year in a market that's losing its fizz. What's more, the brand helped put some high life back into the folks at Miller.

HOME PRODUCTS: DUTCH BOY PAINTS 67

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SNACKS: TEDDY GRAHAMS 71

In one of the most bullish new cookie introductions ever, Nabisco made sure its graham cracker bears hit all the right notes with parents and kids. As a result, the cookie went from nowhere to number three in the market in its first year.

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Cover photograph by Maria Ferrari

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Epilady
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Reaching working women calls for new approaches when using tv.

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When sales staffs make presentations to planners, they should bring editors and their ideas instead of the usual set of numbers.

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Breaking the rules can be the best strategy when clients have tough competition and a small budget.

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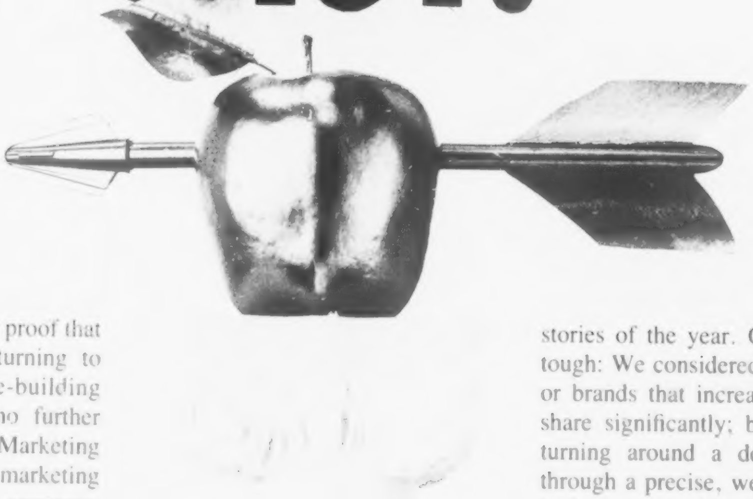
The Marketing Successes of 1989

NICE SHOT!



MARIA FERRARI

If you need further proof that marketers are returning to long-term, image-building strategies, look no further than this year's Marketing Success winners. Sure, the marketing messages tap all the right concepts: family, home, health, convenience, quality. But the one attribute that binds them together is the creation of a strong image in consumers' minds.

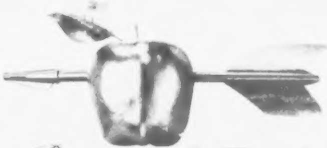
This is particularly important as marketers set out to follow the baby-boom generation into middle age. While this powerful consumer group is saddled with all the lowered expectations that come with receding hairlines and widening waists, they remain convinced that what they buy says a lot about who they are.

Hence, Nissan almost doubles sales of its Maxima by positioning it as the practical car with sex appeal. Evian, a still water whose narcissistic appeal seemed limited, continued dramatic growth by appealing to specialized markets, such as mothers. Nabisco tells kids that Teddy Grahams are tasty, tells parents they're wholesome and ties both targets together with a rock 'n' roll image that borrows heavily from the parents' youth. And Mattel gets back on track by refocusing its marketing energies on the toys that kids — and their parents — know best, such as Barbie and Hot Wheels.

These were among the nominees that made the cut as our editors polled readers, analysts, trade editors and industry experts in search of the top marketing stories of the year. Our criteria were tough: We considered only companies or brands that increased their market share significantly; beat the odds by turning around a declining position through a precise, well-executed marketing strategy; introduced a new product that bolstered the brand name or bested the competition; or put marketing skill to work in other ways, such as to solidify a leadership position.

The editors gathered over 150 nominees representing dozens of categories, and from this list narrowed their choices down to this year's top ten. Some were sure things right from the start. How can you argue with Teddy Grahams cookies going from nowhere to number three in 12 months? Or Healthy Choice, ConAgra's second new-product winner in a row after last year's MicroMagic (a feat in itself), which topped the frozen-dinner market in its first year? Others won their cause in quieter ways, such as by making the most of their strengths, as in the case of Mattel, or creating an image veritably from scratch, such as Dutch Boy paints. All, however, share an extraordinary group of marketing professionals with a talent for connecting their products with the buying public.

Image, skill — now add creative advertising to the list of attributes that guided this year's selection process. Without it, all the effort would have fallen fallow. So sit back, dive in and see for yourself just how dynamic the relationship between marketing and advertising can be. ■



Prepared Foods

ONE FROM THE HEART

by Pamela Ellis-Simons

If the 1980s was the decade of diets and going for "the burn," the 1990s promises a decade of health worries and good-for-you food. Everyone from the trendy to heart-attack victims will be counting sodium milligrams and cholesterol intake along with calories. It may get to sound like a lot of Jewish mothers.

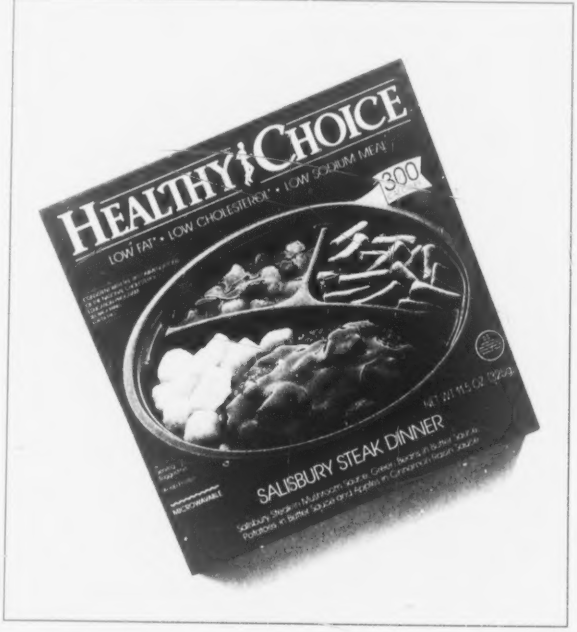
But don't fret. This needn't condemn the country to a life of boiled chicken. ConAgra Inc., the giant Omaha-based food company, has weighed into this fast-growing market with Healthy Choice, a low-calorie, low-cholesterol, low-sodium frozen food line.

Somewhat surprisingly, this bland-sounding product has taken the supermarket frozen-food section by storm. Within months of its January 1989 introduction, the green-boxed, 14-item line grabbed a 25% share in the $700 million frozen-dinner market. It became the number-one frozen dinner in health-conscious Los Angeles within four months and captured a whopping 42% share in New England, say brokers. Inspired by the heart attack of ConAgra chairman Mike Harper, Healthy Choice now is the number-one premium frozen dinner and has expanded the category rather than just cannibalize sales.

"Healthy Choice increased the category overall by 15%, in a category that was declining [before its introduction]," says Paul Renzenbrink, vice president at CMI Brokerage in Cincinnati, where Healthy Choice won a 41% share. "It's amazing. Based on the strong shares of other brands, I can see that new people are buying frozen dinners who weren't before."

Having tackled the mostly male frozen-dinner market, ConAgra is rolling out ten new entrees to the competitive, mostly female $1.7 billion frozen-entree market. In test markets it has done very well. "Healthy Choice was developed for the cholesterol problem of men, drawing them into the entree category. That has never been done before," marvels Linda Gibbs, buyer/merchandiser at Hannaford Bros. Co., a food retailer in Portland, Maine. "Entrees are trading dollars rather than growing, but new growth will come from men."

--Success came so sweetly that competitors are jumping on the health bandwagon and diet-food dinners are being hastily repositioned as "nutritional." After its own research showed an opportunity, frozen-entree market leader Stouffer's shipped a nutritional line of 11 entrees called Right Course last fall and is unveiling a new campaign for its low-cal Lean Cuisine. Le Menu LightStyle, Campbell's low-calorie frozen food dinners, refocused its tv campaign on nutrition last spring and broke a new print ad campaign last month. And Weight Watchers, manufactured and marketed by H.J. Heinz Company's division Foodways National Inc., recently unveiled a new ad campaign whose banner reads, "Maybe we should have called them Health Watchers." Observers estimate that companies will



When Healthy Choice combined low-cal and low-salt with big flavor, frozen-dinner sales heated up.

spend $90 million this year on nutritional frozen foods.

"It is clearly getting very competitive, which is typical of food markets," says Nomi Ghez, vice president at Goldman, Sachs & Co. "The food companies saw an opportunity for a new growth segment. At this point the market has not reached its peak."

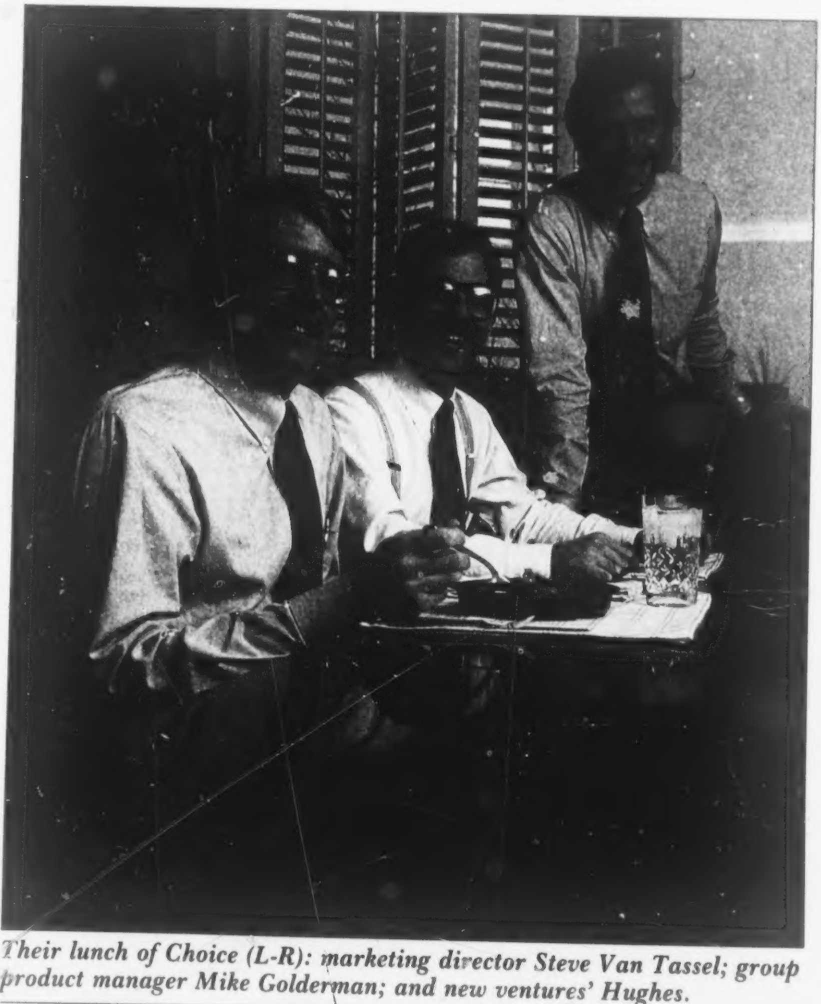
What is driving this health-food kick? According to Stephen Hughes, vice president of new ventures at ConAgra, 29% of the population couldn't care less about what they eat. But 20% of Americans are restricted dieters and a surprising 30% are so-called "health-conscious."

"They're younger, mainstream consumers, who are realizing they'd better start thinking of some of these things," says Hughes. "The number of people who know their cholesterol level has gone up so fast. These people don't need restricted food everyday, but once or twice a week it helps them balance their portfolio."

Still, it was a gutsy move to introduce a "health" product in the largely-male frozen-food dinner market. Most low-cal entrants have fared tepidly in this stagnant and price-competitive part of the freezer section. Healthy Choice prides itself in having the lowest sodium, cholesterol and fat content on the frozen-food market, but that could have been a turn-off, even in the entree section. For example, Kraft General Foods failed to win the public with Eating Right, a low-calorie, low-cholesterol, low sodium frozen entree it introduced in fall 1988.

While good for you, Healthy Choice also had to taste good or become a novelty item. "The product needed to deliver on taste to make it mainstream after trial," explains Roxann Goertz, vice president and management supervisor for Campbell-Mithun-Esty. "There were a lot of revisions." Healthy Choice is targeted at men and women 35 years and older, although it skews 45 and older. But its plain "home" cooking and non-exotic fare (sirloin tips, salisbury steak, turkey breast) was most popular with males.

RICK HARRIG



Their lunch of Choice (L-R): marketing director Steve Van Tassel; group product manager Mike Golderman; and new ventures' Hughes.

The "Chicken Oriental" dinner, for instance, is a hearty meal chock full of chunks of white meat — which are few and far between in many diet dishes. And there isn't a trace of MSG, preservatives or additives.

Careful introduction and strategic positioning made the product more than heart-attack food. Over three years ago, ConAgra — which also was a Marketing Success in 1988 with its MicroMagic fast-food fare — began analyzing the popularity of health-issues with Minneapolis-based Campbell-Mithun-Esty. "During the development of the product, consumer attitudes towards health were an ever-changing variable but [concern] was clearly growing," says Goertz. "There was a definite concern that people would perceive this product as for people with health problems. We needed to present it as healthy food for healthy people. It is a fine line we walked."

Extensive test-marketing and a public relations campaign set the stage for Healthy Choice's rapid roll-out. ConAgra taste-tested its entire line of dinners in 18 cities across the country, backed by spot advertising. Public relations agency Hill & Knowlton exhibited Healthy Choice at health conventions and conferences and last June sent mailings to dieticians, informing them of the new product's benefits. They staged a national press party in New York where "product manager" Mike Harper talked about his heart attack and how his wife, Josie, was able to make his low-sodium diet interesting. By September, when national distribution was achieved, word of mouth was rampant.

Although plagued by frozen-tight freezer space, food stores either enlarged their sections or dropped poor sellers. "Accounts had heard of the item and wanted it," explains Don Searfoss, product sales manager for Food Enterprises, a Boston Food broker. "There had been a lot of consumer inquiries. Accounts had been getting phone calls about it, mentioning the chairman's heart attack."

ConAgra did some housecleaning of its own, trimming poor sellers in the Banquet Foods and Armour Dinner Classics and lowering the price of its Armour Classics Lite. New volume has more than made up for those losses, however. Searfoss says the entire Healthy Choice dinner line was accepted by all his accounts last May, and from a 3% per year sales growth, the dinner category has jumped 27% in the last 12 weeks.

"The consumer is purchasing Healthy Choice at a tremendous volume," says Debbie Querzoli, frozen food buyer at New England's Shaws Supermarkets. "ConAgra established the proper price points successfully at two dinners for $5 and entrees under $2. Stouffer's [Right Course], at over $2 per entree, has missed the mark completely. Consumers are balking at the price." She only carries eight Right Course entrees ("a second player in a relatively new category") but Healthy Choice's entire dinner and entree lines.

Consumer and retailer support for Healthy Choice was so strong that so-called slotting allowances given by food manufacturers and brokers to retailers to "buy" retail space for new products were discontinued by ConAgra six months ago, says Allan Nakken, Healthy Choice brand manager at Crown Inc., a large Southern California food broker. "It was popular, and there was media support behind it," explains Nakken. And because of ConAgra's aggressive advertising program, brokers used local ad funds on more innovative programs. For instance, when Nakken presented the dinners to buyers for the huge Ralph's supermarkets chain, he gave each a cholesterol test. "When you see the blood they take, you get a real interest level in the product," he deadpans.

In fact, many retailers jumped on Healthy Choice as the first product they could use to interest consumers in their nutritional sections. Retailers in upper New York were the most aggressive, says Congra's Hughes, and they ran displays and ads each week for a month. "Our packaging, advertising and communication defined us as a unique new product, and the retail environment is very aware that the consumer is concerned with health," adds CME's Goertz.

CME's network tv ad campaign is as down-home as ConAgra's food. Chairman Harper discusses his heart attack and the need for good-tasting healthy food. He quips that his wife is after his job or, demonstrating his vitality, flies off in a bi-plane. In another commercial, *Family Ties*' Michael Gross jokes that he likes to be able to pronounce everything he reads in the labels, which is why he eats Healthy Choice. The tagline for the campaign is, "Listen to Your Heart. Make a Healthy Choice."

LISTEN TO YOUR HEART
HEALTHY CHOICE
MAKE A HEALTHY CHOICE

Print ads project the company's vigorous positioning.

HEALTHY CHOICE

The spots are unscripted, says Hughes. "They are legitimacy in a world of confusion about health claims." This spring, Bob Newhart's tv wife, Mary Fran, will do a testimonial for Healthy Choice entrees.

Healthy Choice print ads feature black-and-white "snapshots" of a grandfather or a father with children and a yuppie-looking couple, with the tag line "Listen to Your Heart." Unlike the tv campaign, however, they are blatantly comparison ads, listing the cholesterol, sodium and fat content of Healthy Choice's beef sirloin tips compared to that of Le Menu and Stouffer's, the leading brands last year. "There are a lot of people making claims, and claims can be pretty deceptive," explains Goertz. "But facts don't deceive, and we are very proud of our nutritionals. That is our reason for being." The company's broad print buy includes *Time*, *Newsweek*, *Life*, *Reader's Digest*, *Good Housekeeping*, *Cooking Light* and some health books. Both frozen dinners and entrees have a media budget between $12 million to $15 million.

Competitors, however, chide ConAgra for overstressing its numbers in calories, cholesterol and salt. Doug Haines, general manager, marketing, for Weight Watchers Frozen Entrees, says people should eat a planned, balanced diet and not fixate on one item. As it happens, Weight Watcher products are slightly higher in sodium than either Healthy Choice or Stouffer's Right Course. "It is unfortunate that some advertising is turning consumers' focus on a by-item basis," he says. "Healthy Choice's implied message is that every American needs to consume less than 1,000 mg sodium each meal." As he points out with some exasperation, Healthy Choice and Right Course don't have the range of entrees that Weight Watchers has. "We have the best 'Chicken Kiev' in controlled diet form," he insists.

Fighting over any corner of this newfound market, Weight Watchers has a new tv campaign touting that none of its items have butter, chicken fat, tropical oils or added cream. The campaign runs alongside its traditional Lynn Redgrave ad campaign. The company is also testing a 13-item breakfast line in the Los Angeles area.

"We have always stood for being an authority in nutritious weight loss," Haines adds. "Now we are being more specific about the benefits of Weight Watchers."

Others are giving ConAgra the "diet-or-die" end of the market and seeking their own market niche. Campbell Soup Co., maker of Le Menu Light Style, is repositioning its product to stress its nutritionals and why they are important. But it has higher levels of sodium, calories and cholesterol than Healthy Choice and Right Course which they readily admit.

"Healthy Choice's positioning is slightly different — for serious health concerns," says Jan Zielinski, marketing manager. "They built the product as a cure for heart attacks. We don't claim to do that." Le Menu's target is females 45 and older.

For its part, Stouffer's is certain it can spear a chunk of the nutrition market. Michael G. Audette, marketing manager of new ventures at Stouffer Foods Corp., launched Right Course last October into the much larger but more competitive $1.7 billion frozen-entrees market. Audette compliments ConAgra for its "good distribution, good store placements and sections" but adds, "The thing we bring to the party is Stouffer's quality, image and expectations of good taste."

Right Course entrees are anything but Middle American, which some retailers think is a mistake. "Chicken with Peanut Sauce," "Fiesta Beef with Corn Pasta" and "Vegetarian Chili" are some of its more exotic offerings. Healthy Choice entrees, by comparison, are more mainstream: lasagna, spaghetti and glazed chicken. " 'Beef Ragout' would sell better as 'Beef Stew,' " offers Portland retailer Gibbs.

"ConAgra came out with flavors like those that really sell well," adds Nakken. "I feel Stouffer's designed theirs not to take away from Lean Cuisine and Red Box." Retailers report it hasn't worked. In some areas, sales of Lean Cuisine are falling off dramatically.

Finally, Right Course advertising was scheduled to break with national distribution. But demand was so strong that national rollout was achieved within four weeks instead of the usual eight. This left retailers with a feeling Right Course lacked support even though its entrees' budget equals ConAgra's. Audette says that his tv campaign, based on a finger-snapping rock beat, was moved up a month to November when it became clear the product was taking off. Print ads just began in January.

The industry is watching closely as ConAgra squares off against Stouffer's in the competitive entree part of the freezer, wondering if Healthy Choice can do it again. "Healthy Choice has done a good job getting the concept over to the consumer," wagers Gibbs. Adds Campbells' Zielinski, "Healthy Choice is talking to a new population of men and women for entrees. It will be interesting to see what happens." ■

ADVERTISING EXPENDITURES

HEALTHY CHOICE Media Total (000)	BAR NETWORK TV	BAR SPOT TV	BAR CABLE TV	BAR SYNDICATED TV	BAR NETWORK RADIO	RER SPOT RADIO	LNA MAGAZINES	MR NEWSPAPERS	LNA SUNDAY MAGAZINES	LNA OUTDOOR
1988 $—	—	—	—	—	—	—	—	—	—	—
1989 Thru 3rd Quarter $4,238.9	415.0	2,552.4	7.1	—	—	—	1,264.4	—	—	—

Sources: Arbitron's Broadcast Advertisers Reports (BAR), Leading National Advertisers (LNA), Radio Expenditure Reports (RER), Media Records (MR). Chart estimates are designed to show trends and shares among measured media.

CHARTS BY JAY STACK

TO THE MAX

by Michael Garry

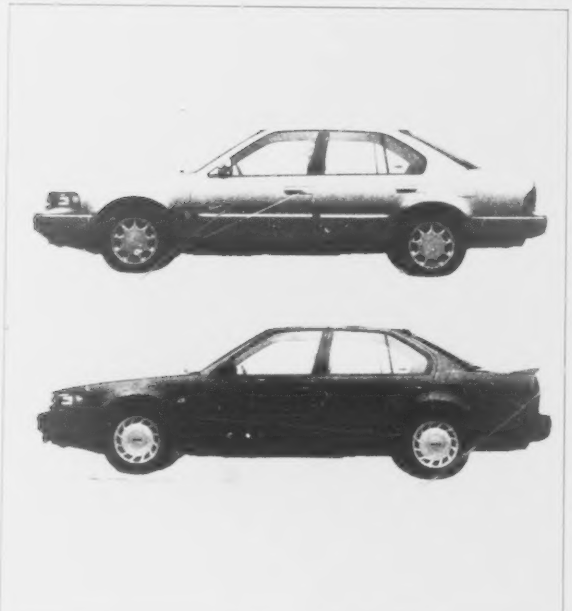
Nissan's Maxima sports sedan hits baby boomers where they live — and play.

America's love affair with the automobile continues unabated. The problem for some, however, is how to keep sex in the marriage after the children arrive. Last year, one automaker set out to answer that question, and for many an aging boomer, they did. The solution: the Nissan Maxima.

The car's sleek styling and sporty performance, matched with practical aspects that make it ready and willing to serve in the kids' car pool, made the restyled Nissan Maxima one of the year's hottest cars. After several false starts since its introduction in 1982, the revved-up Maxima introduced in the 1989 model year sold 109,500 units, a 47% gain that made it the seventh best-selling imported car in the U.S.

At last, thirty-to-forty-somethings have a car that lets them meet adult responsibilities while holding onto their youth. "There are a lot of consumers who buy a sedan and think they are giving up the fun of driving," says John Rinek, national advertising/creative manager for Nissan. "But just because it has four doors doesn't mean it can't still be a sports car."

Equally appealing to consumers was the model's price tag. At about $19,000, with tax and license, it fell under its closest Japanese rivals — the Toyota Cressida (which sold 24,000 units at a $21,498 list) and the Acura Legend (65,000 units at a $23,400 list). "And the Maxima doesn't lack what the Cressida and the Legend have," says William Steele, an associate analyst for Montgomery Securities. True, there are other cars that blend four-doors with sports-car performance: the Audi 80 Quattro, the BMW 325i, the Peugeot 405Mi16, among others. But none do it at the Maxima's buyer-friendly price point.



It's a dream come true for the consumer — a point that served as inspiration for ad agency Chiat/Day/Mojo. Late in 1989, it introduced the "fantasy campaigns" for the Maxima and its line of sports cars, the 240SX and the 300ZX. They don't sell as many units as the Maxima, but they're just as hot. The $13,000 240SX was up 114% to 68,000 units last year, and the $28,000 300ZX was up 36% to 26,000 units.

It's a realized dream for Nissan, too, which had been struggling in the U.S. market since the mid-eighties. Its name change from Datsun to Nissan cost the company much of the brand equity it had built up in the 1970s, and a stodgy product line contributed further to sagging sales. But a major redesign has met with critical acclaim from the press and, more important, customers.

For instance, new car owners in 1989 rated the Maxima "the most trouble-free car in the U.S." in a survey of new car owners (the Initial Quality Survey) conducted by J.D. Power and Associates, the automotive consulting firm. That's high praise for any new car, since most are usually replete with bugs to be worked out. In the automotive press, *Automobile Magazine* named Maxima the best $20,000 se-

Nissan Maxima

dan in its July 1989 issue. *Car and Driver* put it on its ten-best-cars list for 1989.

Nissan's 1989 Maxima was not only bigger than its predecessor, but offered an improved suspension and engine for better handling and zero-to-60 acceleration, says Nissan. "The Maxima drives the way it looks — fast," agrees Ed Miller, editor of *Ward's Auto World*. The car comes in two versions — the sportier SE, which includes a manual transmission and a rear spoiler; and the GXE, the luxury model with electronic features and leather seats.

Credit for the transformation of both car and company is given to Nissan's president Yutaka Kume, who took the wheel in 1985. Kume has fostered a kind of corporate glasnost in a company where executives had been afraid to voice their ideas, says Peter Brown, editor of *Automotive News*.

"It's amazing how fast he changed the culture there," Brown notes. "Nissan went from having hardening of the arteries to being a go-go company with exciting products." Adds Miller, "Kume's getting out of the way and letting people do their own thing."

The results in the U.S. have been very peppy indeed: Nissan boosted its North American car sales 8% in 1989 to 510,000 vehicles, while the total car market dipped 7%. Even more impressive, Nissan accomplished this without offering incentives for any of its new cars, including the Maxima. Its market share rose from 4.46 % in 1988 to 5.17% in 1989.

Not all is gravy in Nissan-land, however. Sales of the Sentra were down 14% to 118,000 units, while sales of the Pulsar and Stanza also dropped. And the jury is still out on the Infiniti, Nissan's luxury model, supported by controversial Zen-inspired advertising that made a point of not showing the car until months after its introduction.

The Maxima campaign was more straightforward. All of the advertising for the Maxima stressed the basic message that "this was a four-door sedan with a difference," says Thomas Hushek, Nissan's national advertising manager. The Maxima received $28 million in media spending from January through September of 1989, according to Leading National Advertisers. Eighty-four percent of the '89 national spending was on broadcast, the rest going to print. Nissan plans a similar level of spending in 1990.

Nissan shifted some $2 million from print to broadcast in 1989, increasing the corporate share-of-voice from 4% to 9%, according to Hank Antosz, media director for Chiat/Day/Mojo in Los Angeles. "The battleground in the car business is on tv," he says. Especially for the Maxima, whose sportiness was calculated to appeal to the emotions, "we needed the more visceral medium of television," says Bob Kuperman, president of Chiat/Day/Mojo.

The tv commercials ran on sporting events and on prime-time shows such as *thirtysomething*, *China Beach*, *L.A. Law*, *Wise Guys*, *60 Minutes* and *20/20*. Print ads often took the form of clutter-breaking multi-page inserts.

Nissan's target audience for the Maxima SE was the 25 to 34 age group; for the GXE, the 35 to 49 age group; and in both cases, professionals and business executives with household incomes exceeding $50,000. Print ads specifically mention the car's suitedness for bankers, doctors and architects. *Forbes*, *Fortune* and *Business Week* were used to reach them.

Conspicuously absent from the Maxima campaign was the 1987 "engineers-around-the table" commercial that drew sneers from consumers and

JIM CACCAVO

The Maxima's four doors and sports-car handling gave Nissan's Tom Hushek and John Rinek a powerful message.

Nissan Maxima

dealers alike. However, the tagline introduced in that campaign, "Built For the Human Race," has been kept in the Maxima ads.

The initial series of tv commercials, which aired in December of 1988 and January of 1989, shows a racing garage. Down on a lift comes a sports car — and it's a four-door sedan, the Maxima. To reinforce the notion that, yes, there are four doors, mechanics enter the car followed by the thump-thump-thump-thump closing of the doors.

Appearing throughout 1989, another tv commercial, dubbed "Business Lingo," played up the Maxima's upscale target audience. The interior is described with such terms as "conference room," "executive decision making" and "client entertainment." In another scene, "Hostile Takeover," the Maxima is shown passing an Acura Legend. In "Risk Avoidance," the Maxima, carrying a group of well-appointed businesspeople, swerves around a truck.

The Maxima's print and tv advertising took full advantage of the positive response the car received in 1989. In June, for example, the results of the J.D. Power IQS survey "gave us a tremendous shot in the arm and validated what we were saying about the car," says creative manager Rinek.

The survey also revealed that — contrary to public perception — Nissan is the top-rated Asian automobile brand, followed by Honda, Toyota and Acura. The headline of a print ad trumpeting this news read, "Re-Orient Your Thinking." The ad also touted the Maxima's trouble-free standing. The print campaign broke in June of last year, running in the *Wall Street Journal*, *USA Today*, *Time*, *Sports Illustrated*, *Newsweek* and *U.S. News & World Report*. Negotiations by Chiat/Day/Mojo landed the ad on the first page, right-hand side, of the weeklies.

The campaign lasted two-and-one-half months, with ads running in at least one of those publications each week. The weeklies were used to exploit the news value of the J.D. Power report, notes Antosz. Nissan's cause was also abetted by J.D. Powers' own public relations for its survey.

In the latter part of 1989, Nissan introduced a tv "fantasy campaign" that has continued to run in 1990. The Maxima commercial shows a dream-like sequence of a sports car winding its way through the hills of Italy. The dreamer, in voice-over, points out the oddity of riding in a four-door sports car — yet, there it is. Suddenly the dreamer picks up his boss and others on a desolate road; as in the previous year's commercial, there is the quadruple thump of four doors closing. Miraculously, the car is transported to Wall Street. The message: The Maxima seems like a dream, but it's real.

ADVERTISING EXPENDITURES

NISSAN MAXIMA

1988 $26.793.7	Media Total (000)	1989 Thru 3rd Quarter $28.210.3
11.832.7	BAR NETWORK TV	4.683.3
8.149.4	BAR SPOT TV	18.590.8
130.5	BAR CABLE TV	371.7
582.5	BAR SYNDICATED TV	45.3
—	BAR NETWORK RADIO	—
—	RER SPOT RADIO	14.5
5.940.4	LNA MAGAZINES	3.875.3
158.4	MR NEWSPAPERS	629.4
—	LNA SUNDAY MAGAZINES	—
—	LNA OUTDOOR	—

Sources: Arbitron's Broadcast Advertisers Reports (BAR); Leading National Advertisers (LNA); Radio Expenditure Reports (RER); Media Records (MR). Chart estimates are designed to show trends and shares among measured media.

A print campaign that ran in the auto-enthusiast books throughout 1989 and into 1990 again positions the Maxima for the yuppie executive market with the headline: "Big enough to hold a meeting; fast enough to keep it short." William Jeanes, editor of *Car & Driver*, praises Nissan for understanding the need to run consistently throughout the year in auto-enthusiast titles. Many people only pick up these magazines when they are shopping for a new car, which could be anytime during the year, Jeanes says.

While the national campaigns focused on the features of the Maxima — four doors, sports-car performance — regional efforts underscored the car's price value. Those efforts, primarily on local tv, also included newspaper and radio.

On point-of-purchase display materials and in a direct-mail campaign, Nissan made use of its positive press. The direct-mail effort was aimed at pre-'89 current Maxima owners, who were also invited to test-drive the '89 model; those who purchased it were given a free luggage set.

Print ads supported the direct-mail effort with an 800 number for a free preview kit that encourages a test drive at a local dealer. Test drivers who filled out an evaluation form were given a free flashlight. Chiat/Day says that 1,500 prospects — 4% of those who were sent preview kits — took test drives.

The direct-mail campaign, which won a 1989 Direct Marketing Association Echo award, ran from October 1988 to the following March. The campaign was tied to $19 million in Maxima sales, says Greg Madonna, management supervisor, Perkins/Butler, Chiat/Day/Mojo's direct marketing division.

Each level of advertising drove home a different positive message about the Maxima: the national ads spoke of its trouble-free status, the local ads trumpeted its price value and then dealer displays and direct-mail pieces played up the terrific press notices. "We had a multi-dimensional, coordinated campaign that reinforced our message every step of the way," says Hushek. "The nice thing about this story for us was that all of the marketing elements worked in harmony with one another."

Like any love affair, it's harmony and not sex that lets the relationship last. If Nissan can keep the balance for Maxima, the company and its market may be in this for the long run. ■

PAIN PAYS

by Michael Garry

It's not every product that can be dubbed the "pain machine" and still sell by the truckload. Yet the Epilady, a hand-held appliance that removes leg hair at its roots, has done just that. Despite a discomfort level so high that Joan Rivers jokes about it, Epilady had record sales of 3.5 million units in 1989, its third year on the market, which is an increase of 40% over 1988.

Last year's runaway success with Epilady was due in part to a well-executed move from exclusive department store distribution into the mass market. This unusual two-tier distribution strategy has put an "ultra" version in department stores and a no-frills model in mass-market outlets. As a result, the company made major inroads in its retail presence in 1989, carving out its own Epi Centers in mass-market stores and creating Epi Spas in department stores such as Macy's and Bloomingdale's.

But upstart importer Epi Products also greatly expanded its product line in 1989, becoming a major distributor of branded personal-care products. In the process, it doubled its sales to an estimated $200 million last year and positioned the brand name for even greater expansion.

In the Epi boutique overlooking the main floor of Macy's, for example, two sleek young saleswomen preside over a wide range of products. Besides the Epilady, the company's first and foremost product, there are: EpiSsage, a shower massager; EpiSauna, a facial sauna; EpiPed, a foot bath; EpiSmile, a tooth whitener; EpiBrush, with retractable bristles; and the EpiSsentia line of skin care lotions. On display is a yet-to-be named hand-waxing product. And later this year, the company will introduce the EpiDent, an electric toothbrush. There are products, as the company likes to say, for head to toe.

While the dual distribution system creates some friction with department store buyers, most retailers are bullish about the Epi line. At J.C. Penney, where the Epi merchandise is marketed in 500 of the chain's stores, sales of the products experienced "double-digit increases" in 1989, says Doreen Erickson, cosmetics buyer for beauty accessories. The Epilady has been an "extremely successful" product at Venture stores, says a spokesperson. The company also became something of a media darling in 1989, receiving coverage in, at last count, *People*, *Savvy Woman*, *Inc.*, *Fortune*, *Continental Profiles* and the *Los Angeles Times*.

Epi Products is run by three South African-born sisters, Arlene Krok, 30, Sharon Krok Feuer, 32, and Loren Krok, 24, who have rapidly earned a reputation as personal-care mavericks. Their first coup was getting the Epilady in the high-traffic cosmetics sections of department stores, rather than the sleepy small electrics department. "They rejected the traditional thinking regarding appliances," says Robert McKim, whose agency, Robert McKim Advertising,

A hair-raising experience, the Epilady has nonetheless sold in the millions and paved the way for an epi-demic of products.

The high-kicking Krok sisters — (left to right) Loren, 24; Sharon, 32; and Arlene, 30 — celebrate their expanded product line.

has done some work for Epi Products.

But the sisters' biggest accomplishment was to take epilation out of the beauty salon and put it into the hands of any woman. Epilation — removing hair at the root — is used in leg waxing, but waxing is an expensive procedure practiced by only a small percentage of American women. Enter the Epilady, which uses a rotating coil to pluck leg hair. Women accustomed to shaving their legs regularly are supposed to get at least two weeks of smooth, hairless legs with the Epilady. The catch is that removing hair at the root — as women who have tried it know — can be an uncomfortable, even painful procedure.

Nonetheless, the Epilady has won more than its share of converts. The company claims it has sold 6.5 million units since unveiling the product in 1987. (Competitor Remington claims the figure is closer to 5 million.) The product skews towards a younger consumer, all sources agree.

The Epilady has captured a 9.4% share of the female shaving market, which includes depilatories, electric shavers and now epilation devices, according to Sharon Krok Feuer, the company's vice president of marketing. She says the company owns 85% of the hand-held epilation device market — the remaining percentage held by Remington's Smooth and Silky, a unit from California-based Emjoi Corp., and another unit called Finally Free. Meanwhile, Mepro, the Israeli manufacturer of Epilady, is suing Remington for patent infringement; in the U.S., the case was in the pretrial discovery phase at press time.

All the established personal-care companies, including Remington, Conair and Windmere, had a shot at importing what became the Epilady. And they turned it down, not wanting to risk their brand name on a machine that was painful to use.

But a fledgling company had nothing to lose in terms of brand identity, and a taste for financial risk runs in the family. The sisters' father, Solomon Krok, is a wealthy South-African entrepreneur. Back in 1987, he learned that the device, produced on an Israeli kibbutz, had become a big hit in Israel and Europe. With his Hebrew-speaking daughter, Loren, Krok negotiated distribution rights to the Epilady in the U.S., Canada, Australia and New Zealand. He turned over marketing of the product, dubbed the Epilady, to the three sisters, two of whom already ran a baby products company.

Why let beauty stop at your face.
EPI

They proved to be brilliant at it. The Krok sisters made their first pitch to Bloomingdale's flagship New York store. In return for a spot in the high-traffic cosmetics department, they promised massive advertising support, in-store signage, video displays and live demonstrations to acquaint women with the ups and downs of the relatively unknown epilation process.

Bloomie's agreed to a test launch in 1987. "When they saw how forcefully we would stand behind the product, they figured they'd try it," says Feuer. After one week, the store sold 1,500 units; after a year, 71,000 units. On the West Coast, where Bullock's department store tested the product without advertising, it sold "phenomenally well," says Feuer. Three years later, the Epilady can be found in around 2,000 department stores, the company says.

The Krok sisters weren't content to market to just the upscale; they wanted to conquer the mass market. They were also concerned that somebody else — especially Remington — might beat them to the punch. So they created the $89 Epilady Ultra for the department stores — an enhanced version of the original product, with three speeds, a cordless feature, an EpiMitt to help prepare legs for treatment, an EpiLotion moisturizer for follow-up and a leather travel pouch. Then, in August of 1988, they introduced the original Epilady, without embellishments and housed in a plastic clampack, to mass-market stores. It has a suggested retail of $55, but can be found for less.

Thus began the two-tier strategy that, the company says, now has its line in more than 40,000 mass-market outlets. Each new product introduction has an "ultra" version for department stores and a no-frills version for mass-market outlets. "Establishing a base in department stores and then moving to the mass market was a very smart strategy," says Bruce Gold, vice president and general manager at Remington.

ADVERTISING EXPENDITURES

EPI PRODUCTS USA INC	BAR NETWORK TV	BAR SPOT TV	BAR CABLE TV	BAR SYNDICATED TV	BAR NETWORK RADIO	RER SPOT RADIO	LNA MAGAZINES	MR NEWSPAPERS	LNA SUNDAY MAGAZINES	LNA OUTDOOR
Media Total (000)										
1988 $10.086.6	164.3	7.418.1	203.4	804.4	—	65.2	1.340.9	—	90.3	—
1989 Thru 3rd Quarter $11.589.2	1.312.4	5.284.2	375.6	1.387.6	—	1.185.6	1.743.6	260.1	40.1	—

Sources: Arbitron's Broadcast Advertisers Reports (BAR); Leading National Advertisers (LNA); Radio Expenditure Reports (RER); Media Records (MR). Chart estimates are designed to show trends and shares among measured media.

The company now sells a cordless, three-speed Epilady in mass outlets for $70, and plans to introduce a mini version of the Epilady — $29 in mass stores, $39 in department stores.

The lotions — moisturizers, cleansers and exfoliants — are also sold separately in department stores only. EpiSmile has thus far been limited to department stores and better drug stores. In 1989, New York-area department stores featured a sweepstakes for tickets to opening night of the Broadway musical *Meet Me In St. Louis* (of which Loren Krok is a co-producer). This year, New Yorkers are being given a two-for-one voucher to the show with any Epi purchase.

Nearly half the mass-market stores in which the Epi line is sold feature Epi Centers — end-cap displays housing all of the products. The Epi Centers are supported by signs and video displays, but not live demonstrations.

Successful as it's been, the two-tier strategy is not without its problems. Some department stores complain that they are losing sales to the mass market. "They need to differentiate the mass-market products from the department-store products more than they do," says Erickson of J.C. Penney, which carries the ultra models.

Erickson's plan for 1990 is to advertise products sold only in department stores, such as the EpiSmile and the EpiSsentia line of skin creams. She will promote Epi's new EpiDent electric toothbrush only until it is released to the mass market.

The two-tier distribution strategy does hurt the department stores "a little," admits Feuer. But that's okay, because "the volume is in the mass market." Anyway, she adds, the more Epi sells, the more it can invest in demonstrators and other support for department stores.

Epi Products spent over $14 million on advertising in all media from January through September of 1989, and over $10 million during 1988, according to Leading National Advertisers. Epi's advertising is handled in-house, supported by Los Angeles-based Robert McKim Advertising and Fotouhi Alonso agencies. Media buying is handled by L.A.-based Western International.

Last year, 71% of year-to-date spending encompassed network (mostly prime time), spot and syndicated tv. The bulk of the remaining dollars went to multi-page inserts in national women's magazines. For the upscale market, the list included *Vogue*, *Elle*, *Glamour*, *Harper's Bazaar*, *Mirabella* and *Lear's*; for the mass market, *Good Housekeeping*, *Family Circle*, *Working Woman*, *Savvy*, *Seventeen* and *American Health*. Epi invested in outdoor advertising in Los Angeles, and at press time planned to unveil a billboard in the mecca of outdoor advertising — New York's Times Square. In 1990, Epi is entertaining plans to market its newer products to men, using male models in ads and advertising in some men's magazines.

Epi's ads support its basic strategy of introducing products at the department stores, and then six months later at the mass-market outlets. "We establish a product's luxury image at the department store, and then transfer that image to the mass market," says Robert Grossman, who heads Epi's in-house advertising department. Grossman adds that the products are close enough to "interchange values" but different enough to sell at different distribution levels.

Department store introductions are backed by spot television, upscale magazine ads and some local newspaper ads in major markets, while network tv is reserved for a product's mass introduction. Even trade-magazine advertising is two-tiered: *Woman's Wear Daily* for the department stores, *Home Furnishings Daily* for the mass-market.

Epi's packaging and print and tv ads refer — sometimes obliquely, sometimes directly — to the discomfort the Epilady can cause. One tv ad for the Epilady mini notes that "the more you use it the better it feels." A print ad suggests that the consumer purchase the EpiHeat, a heat pack that makes hair removal "dramatically more comfortable than ever before." Another print ad points out that "if you're very sensitive, there's some discomfort the first time."

"Some women don't feel much pain, or just a little — there's a range of reactions," says Feuer. "It does

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ËPI PRODUCTS

take getting used to.'' Women with lighter or finer hair fare better than their more hirsute counterparts. ''And some people just can't use it,'' admits J.C. Penney's Erickson bluntly.

There's also a range of applications; some women use the Epilady exclusively, others combine it with shaving or waxing; some use it just on their arms or feet. The pained or perplexed can call Epi's toll-free number, 1-800-444-LEGS.

Performances of new products are mixed, but Epilady's pull helps pay for the unique introductions.

Only a small percentage of women return the Epilady to the store, says Feuer. If the product is properly demonstrated, the rate of returns should be low, observes Erickson. A spokesperson for Venture, a mass-market chain, says there are some returns, especially at gift-giving times. Remington's rate of return for the Smooth and Silky epilator is between 7% and 9% — much greater than the return rate for electric shavers, says Gold.

Recognizing that discomfort is the only impediment to much greater sales, Epi Products and the Israeli manufacturer are engaged in research to develop a more comfortable product. Despite the pain issue, the product continued to do bonanza sales during 1989, following up on its remarkable success in 1988. That trend, reported by the company, is substantiated at J.C. Penney and Venture stores.

The Epilady still accounts for more than half of Epi Products' overall sales volume, despite the introduction of numerous other products. Feuer expects the flagship product to dominate sales for another few years. In most cases, the Krok sisters either buy new products from their inventors, or, as with the Epilady, acquire distribution rights.

Loren Krok, for example, secured the distribution rights to EpiSmile from the New York dentist (also her dentist) who invented the tooth whitener/cleanser. The formula, originally marketed as Super Smile in a few local pharmacies, was renamed and added to the Epi arsenal.

While contributing to an overall sales increase for Epi, the newer Epi products have experienced mixed success. That may be because, unlike the Epilady, the other products don't satisfy as compelling a consumer need, says Suzanne Grayson, a California-based marketing consultant.

The EpiSmile, for example, was a very hot product for the company in 1989, outselling even the Epilady during its launch period at J.C. Penney. Penney's has also done well with the EpiSsage and a repackaged EpiSauna, but less so with the EpiPed.

A shower-massage industry source says that Epi overproduced the EpiSsage and has been suffering ample returns on that product. Remington's Gold comments that Epi has not been nearly as successful with its post-Epilady products. ''They're starting to lose shelf space,'' he says. Venture has had ''mixed success'' with the more recent Epi introductions, says a spokesperson.

But Epi appears to have made a significant impact on the facial sauna business, where it is already number one, according to Martin Cohen, director of marketing for Kaz Inc., another facial-sauna company. Five years ago, notes Cohen, perhaps 150,000 units were sold industry-wide; last year, about 600,000 units were sold. ''They've raised awareness of the category,'' he says.

Never content to stand still, the company is preparing to release still more Epi products in 1990. The emphasis, as always, will be on uniqueness. ''You should always try to be a little different from everyone else,'' says Feuer. ''Then people will admire you.'' ■

STILL WATER RUNS DEEP

by Joe Mandese

Three-quarters of the planet is covered with the stuff, and you can get it for free by turning the kitchen tap. So why would anyone pay $1.50 to drink a bottle of water? Especially one that's unflavored. Uncarbonated. Unfiltered. Unanythinged. For the answer to that question, ask any of the millions of Americans who made Evian the country's fastest growing water in 1989.

They are, after all, in a country that is in love with status symbols. A lowly commodity like water can confer status, and even a high price is not an obstacle, but an asset. "We are the most expensive water on the market — on purpose. We have positioned ourselves as the premium water brand," explains David Daniel, chief executive officer of Evian Waters of France Inc.

With virtually no other product distinction from the Earth's most pervasive natural resource, Evian does have a snooty address: the French Alps. And the region's famed restorative powers lends the brand a healthful image that has been key to its success.

"They are definitely the fastest growing brand in the business," notes Hellen Berry, associate director of marketing research for Beverage Marketing Corp., which estimates the brand grew roughly 30% on a dollar volume basis last year. According to the Impact Databank, Evian rose 14.6% to 10.2 million gallons in 1989, making it a strong number-two import behind the better-established but now imperiled Perrier. Evian's share of imports is 18.2% and growing, compared with Perrier's 57.2% share, which is now threatened by a worldwide recall after traces of benzene were found in some Perrier bottles. Evian's current share of the entire bottled water market is 2.2%.

But Evian's Daniel says that market share, in a category flooded by some 400-500 brands, is less meaningful than volume growth. And he claims that Evian, one of the few national brands in the water business, has more than tripled its business in the past two years. A former Pepsi-Cola Bottling Group marketing executive, Daniel became Evian's first director of marketing in 1987. His highly successful strategy has been to develop niche markets — sports, epicurean, even the baby market — through astute matching of creative and media.

Although Evian has been exported to the U.S. since 1905, it didn't take off until it began a modest, national print effort in 1984. Backed with a schedule in magazines like *American Health*, the heavily-muscled "Hard-body" campaign established Evian's connection to sports and fitness.

The campaign also contributed to a perception of Evian as the yuppie beverage of choice. While wealthy, young, urban professionals certainly became voracious consumers of the product, attitude and usage studies by Evian revealed that it actually had much broader appeal. "The first big finding came in 1988, when we burst the myth that Evian is just yuppie water," recalls Daniel. "We

evian
evian
evian

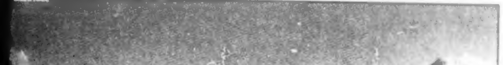
Evian turned on the tap and poured its product into new market segments.

evian
natural spring water

found that Evian had a much broader target of health-conscious consumers. Health is not a demographic factor; it is attitudinal."

But broadening the target placed a big burden on the tiny media budget. Although Evian has tripled its media spending every year since Daniel joined in 1987, it still is small for a national beverage brand — only about $2.5 million in 1988 and $5 million in 1989. The problem was how to leverage that sum to exploit untapped market potential.

"Basically, we're trying to reach people who drink water," says Daniel. "Effectively, our media target is adults 18-49." The solution was a media plan developed in 1989 that maintained the umbrella "hard-body" campaign in national magazines and spot tv, combined with a highly segmented print schedule directed at specific market niches.


Our factory.
EVIAN. THE BALANCE.

Copy as pristine as the product.

One niche ad directed at the fitness market shows various sized bottles of Evian and reads: "Some fitness equipment you can't buy at a sporting goods store." The ad was scheduled in vertical magazines such as *American Health*, *Men's Health and Fitness* and *Shape* and sports books such as *Tennis* and *Ski*.

Another ad aimed at the epicurean market was scheduled in food magazines such as *Gourmet* and city magazines, including *New York* and *L.A. Style*. It featured a photo of a delicious, but healthy-looking meal, accompanied by the headline, "To improve this meal, just add water."

A third ad depicted an Evian bottle with a nipple on it and the headline, "It's never too early." Directed at expecting parents, this ad was placed in magazines such as *American Baby*. (The copy notes that the French have a long history of using Evian to mix baby formula. Indeed, in France, doctors endorse the practice.)

Throughout the campaign, the almost subliminal message is that people who care about what they (and their children) eat should also be concerned about the quality of the water they drink. "We are dealing with a serious subject, and we want to send the message without intimidating people," explains Rob Rosenthal, senior vice president and management supervisor on the Evian account at TBWA, referring to the health-conscious undertone of the campaign. "Our attitude is that it is better to do it with a kiss than a punch."

Nothing conveys this better than the ad that went into health books, lifestyle and general interest magazines. There's a dramatic photo of the French Alps and the simple headline: "Our factory."

Although recent revelations about potentially hazardous benzene found in Perrier have observers wondering about opportunities and possible fallout for other bottled water marketers, Evian's Daniel says the firm does not plan to alter its marketing strategy. "It's not our intention to capitalize on anybody's misfortunes, but we think consumers believe in the quality and purity of our product."

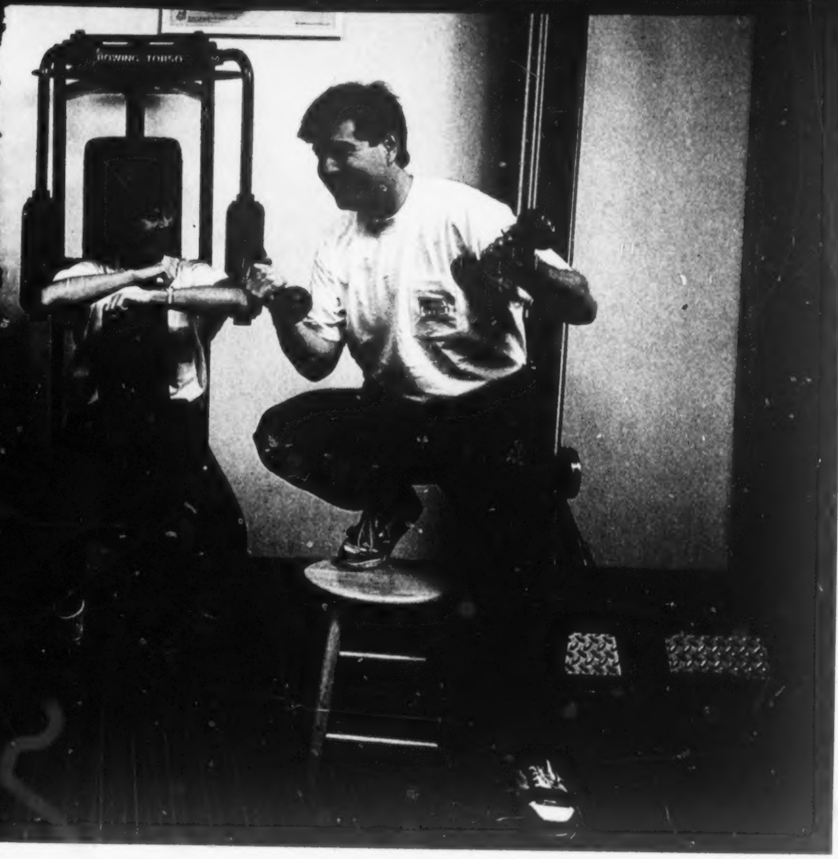
Beverage Marketing's Berry believes the segmented advertising approach drove Evian's gains in 1989. "By becoming the bottled water for pregnant women, or sports enthusiasts, or gourmets, they established a franchise with each group. All the targets they went after were right on, as were the media they used to reach them," she says. "They've drawn more attention to themselves than if they had just gone out there with one unified campaign positioning them as the 'crystal clear water from the mountains for France' à la the Canadian waters," she explains.

Evian's marketing muscle (from left): Tamra Siegel, Seth Matlins, Daniel, Maryanne Farrell, TBWA's Rosenthal.

Print has served as Evian's national medium, while tv is the local tool — the exact opposite of a typical national brand. With a heavy spot tv schedule (about half the brand's media budget), Evian has gotten the message out in key markets. Among bottled water drinkers, Evian estimates that the brand enjoys an "80% awareness" level.

"We try to do two things with television," notes TBWA's Rosenthal. "It gives us access to virtually everyone, but to make it a little more targeted, we try to use programing that enhances our brand and image."

They try to reach as many potential users as possible by combining high-profile prime-time buys and heavy



GUY GILLETTE

ADVERTISING EXPENDITURES

EVIAN WATER

1988 $2.418.3	Media Total (000)	1989 Thru 3rd Quarter $3.918.5
—	BAR NETWORK TV	—
1.394.2	BAR SPOT TV	2.439.6
57.5	BAR CABLE TV	55.8
—	BAR SYNDICATED TV	—
—	BAR NETWORK RADIO	—
136.3	RER SPOT RADIO	175.9
569.7	LNA MAGAZINES	1.047.3
36.6	MR NEWSPAPERS	—
212.3	LNA SUNDAY MAGAZINES	160.5
11.7	LNA OUTDOOR	39.4

Sources: Arbitron's Broadcast Advertisers Reports (BAR); Leading National Advertisers (LNA); Radio Expenditure Reports (RER); Media Records (MR). Chart estimates are designed to show trends and shares among measured media.

weight in early morning news, late news and latenight. Citing the brand's high price tag, Evian's Daniel notes, "We're not a big daytime brand."

The plan also calls for tactical use of spot tv whenever possible. For instance, Evian sponsors pro basketball and hockey teams in New York and Los Angeles, two key markets. It gets heavy signage support and announces the "Evian Player of the Game," which reinforces the health and fitness message. Evian has no broadcast network budget, but it sponsors the U.S. Open tennis tournament on cable tv via the USA Network, as well as the Association of Volleyball Professionals.

Since Evian doesn't run rebates, coupons or other discounted promotions, Daniel says event marketing has emerged as a key component of the brand's sampling strategy. "Media has helped us create a very broad awareness, but it is not enough. We still need to get people to sample the product." At the U.S. Open, Evian sold about 100,000 bottles through concessions. The company also makes extensive use of races and marathons to get further sampling, a strategy that Perrier employed very successfully during the '70s and early '80s.

As for the non-sports market, Evian has run promotions with *American Baby* magazine. This included sample distribution through hospital maternity wards to new mothers.

The brand also uses its small radio budget to earn merchandising support from radio stations. "When you're a small company and you don't have money coming out of your ears, you've got to make sure you maximize all of your working dollars," explains Daniel. "But radio is strictly tactical for us." For instance, radio might be used to give away a week-long vacation in Evian, France, in order to generate displays and merchandising support in stores.

Cultivating stronger retail trade support has been key on Daniel's agenda. Toward that end, he adopted a new distribution strategy in 1989 that has strengthened the brand's trade muscle. Instead of using the traditional food broker distributor network, he signed with several soda bottling companies to distribute Evian water.

"It represents a major change from the bottler's perspective," notes Daniel. "Here are soft-drink guys making a major commitment to bottled water." But there was little downside to this strategy. Since the bottlers already have trucks on the road, it costs them little to add Evian to their system. Except for the costs of handling, profits can go straight to the bottom line.

Besides, the soft-drink business has been growing in the single digits, while bottled water is growing in the double digits. An Evian print trade ad reinforces this message. The ad features a giant waterfall and the headline: "The only water that moves faster than Evian."

Don't expect the onrush to stop. Daniel plans to double media spending each year and build market share until Evian is the number-one bottled water in America.

"Our basic strategy is that when we go into a market with media, we will really go," he explains. "We're not going to just go in with two weeks of television, or a couple of newspaper ads. We're there with a good tv schedule and some local print. When we go, it's because we've got a good distribution system, a good salesforce and the consumers are ready. We just open the tap." ■

Entertainment

FAST FORWARD

by Greg Clarkin

To Tom Gruber, there's not much difference between videocassettes and hamburgers. "The same marketing factors at work in fast-food retailing are at work in video retailing," says Gruber, a former marketing executive at McDonald's and now senior vice president, chief marketing officer of Blockbuster Video. Given Blockbuster's tactics and their results, it's hard to argue with him.

In a classic illustration of how marketing concepts can cross business borders, Blockbuster has taken the principles of McMarketing — fast service, convenient locations, family orientation and kid appeal — and applied them to the home-video retail business. As a result, the company moved in 1989 from regional heavyweight to true national leader in an industry where, just two years ago, national was a goal rather than a reality.

System-wide revenues from both company-owned and franchised stores are estimated at $600 million for 1989, a stunning 133% gain over 1988's results. The quarter ending December 31, 1989, marked the company's 12th consecutive profitable quarter. Revenue for that quarter was more than $130 million, compared to $66 million for the same period of 1988. Income for 1989 is estimated at $40 million after taxes for Blockbuster, and earnings-per-share were up 128%, from 25¢ per share in 1988 to 57¢ in 1989.

Blockbuster began with one store in 1985, grew to 415 by the end of 1988 and today boasts more than 1,000 outlets. The company estimates that in 1990 more than 200 million tapes will be rented at Blockbuster outlets, at the company's rental rate of $3 for three evenings. And Blockbuster plans to open more than 400 stores per year for the next few years.

"They've basically brought to the video industry the same sophisticated and slick marketing style that made McDonald's a worldwide success," says Bruce Apar, editor of *Video Business*, a trade magazine following the industry. "The word I use," adds Gary Jacobson, a analyst with Kidder, Peabody, "is professionalism."

Any comparison to McDonald's is hardly coincidental. Besides Gruber, Blockbuster's executive roster also includes Luigi Salvaneschi, a former vice president of corporate real estate for McDonald's, now president of Blockbuster. The company also uses as its ad agency the Kansas City-based Bernstein-Rein Advertising Inc., which has worked regionally with the "Golden Arches" for close to 25 years.

Gruber admits many of the marketing elements that he employed at McDonald's are at work with Blockbuster. "The longer I'm involved and the more retail operations I see, the more I realize that marketing concepts and techniques are universal," he says. "There are great similarities between the target group at McDonald's and the target group here. We're both primarily marketing to families."

Both chains are guided by one principle: give people what they want and make

BLOCKBUSTER VIDEO
BLOCKBUSTER VIDEO

With McDonald's as a model, Blockbuster is reeling in customers and shows no sign of slowing down.

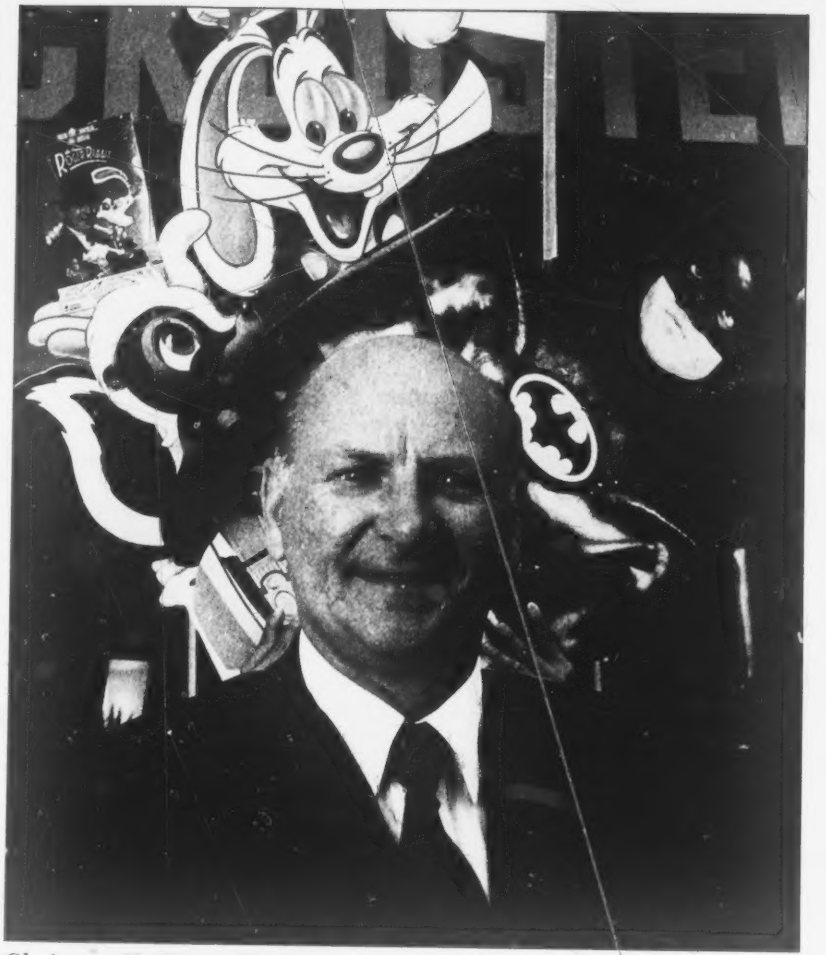
them feel good about it. For Blockbuster outlets, called superstores, that means offering more than 10,000 tapes and approximately 8,000 titles, a far cry from the selection just a few years ago. "When the industry started, all that was available were 200 or 300 legitimate movies and a lot of pornography," Gruber says.

It also means packaging the chain in a wholesome way. Much of the chain's marketing success is based on the simple fact that it doesn't carry X-rated tapes and instead bills itself as "America's Family Video Store." That stance, which serves as a central theme in its advertising efforts, has given the company a squeaky-clean image with consumers.

It hasn't all been pretty: Bear, Stearns sent Blockbuster's stock into a tailspin last May when it called the company's accounting procedures into question. That reminded many that the Blockbuster chain is led by chairman H. Wayne Huizenga, a founding partner in Waste Management, the waste disposal giant. Huizenga's successful and controversial tenure with Waste Management included SEC charges of illegal payments (the charges were settled without judgment). He bought into Blockbuster in 1987 and became chairman when the chain's founder, David Cook, left to start a company specializing in computerized toll-booth cards.

But the stock regained some momentum as other houses responded in defense of Blockbuster. Before the Bear, Sterns report, the price was $35. It rebounded to $26 and split two-to-one later in the year. It's trading around $15-$16 today.

Before Blockbuster came on the home-video scene, each market was served by a regional chain and a variety of mom-and-pop stores. To move beyond the fragmented norm, Blockbuster forged a national identity using the "cluster concept." According to Gruber, the company opened a concentration of outlets in a given target market, one market at a time.



Chairman H. Wayne Huizenga brought money — and a dash of controversy — to the chain.

ACEY HARPER

To build a base of heavy users, Blockbuster sites are most often located near routes that are well traveled by commuters. "Success is built on their loyalty," Gruber says. Today, the company is in 133 television markets representing between 75% to 85% of the United States population.

Because of the cluster approach, past Blockbuster advertising relied on regional television and radio buys, while newspapers, magazines and outdoor were used to a lesser extent. Bob Bernstein, president of Bernstein-Rein, says each Blockbuster store opening is treated as a community event, with a large amount of local advertising leading up to the grand opening. Leading National Advertisers puts January-September 1989 spending at $10.3 million, mostly in spot television.

Now the company believes it has enough outlets to justify a national television advertising campaign. The first television spots broke the first week of 1990 in a $25 million campaign from Bernstein-Rein and aired on *The Tonight Show*, *The Pat Sajak Show* and *The Arsenio Hall Show*.

All totaled, Gruber says the company will double its advertising and promotion budget for 1990. "Systemwide marketing, including advertising, promotion and a small amount for public relations, for last year, was in the $25 million range. This year it will probably be in the mid-$50 million range, with 60% to 65% going towards television," Gruber says. Both company-owned stores and franchises contribute to a national marketing fund and local advertising fund. Approximately 55% of the Blockbuster outlets are company-owned.

With VCR penetration at about 66% of U.S. households, the company sees a wide target audience that includes children and their parents, as well as teenagers, who are heavy renters. Specific audiences are adults ages 18 to 49 and children ages six to 12, says Bernstein.

Kidder, Peabody's Jacobson points to Blockbuster's kids efforts as a big contributor to its quick success. He says the thinking is: If you reach the kids, the rest of the family will follow. To that end, Bernstein has created the Blockbuster Kids, a group of four characters designed to appeal to children. The Kids include Player (the leader), Stopper (who stresses safety), Rewind and Slo-Mo, as well as their dog, Pause. The group can be found at any Blockbuster store opening. Now plans are underway to turn them into an animated series.

Each Blockbuster location also features approximately 40 titles recommended for children based on their educational and entertainment value. And every location has a clubhouse for kids that Bernstein said doubles as a "video babysitter" for parents. The clubhouse has televisions and toys so parents can leave their children while perusing the rentals.

Last April the company tested its free-of-charge KidPrint program in St. Louis and Kansas City and plans to roll it out nationally later this year. Children are videotaped as they state their names, address, and height, and a copy of the tape is given to parents and local police.

KidPrint proved successful in those test markets, attracting more than 1,200 children at just three stores in St. Louis and more than 1,000 at nine stores in Kansas City. The program generates a significant amount of goodwill between Blockbuster and the local communities, as well as a lot of local media coverage.

Moving up the age scale, Blockbuster has a number of programs designed to boost its image with parents. The chain's "Youth-Restricted Viewing" program prohibits children under the age of 17 from renting R-rated titles unless they have written permission from a parent. These policies help soothe parental fears that their teenagers will come home from the video store with a splatter movie or something equally offensive.

Each Blockbuster outlet also features the "America's Most Important Videos Are Free" program. This program offers free rental on a number of public-service tapes covering such topics as fire safety and parenting. The company also believes it was the first video retailer to offer gift certificates in a program that kicked-off at Christmas in 1988.

"Marketing concepts are universal."

Tom Gruber
Senior vice president, chief marketing officer, Blockbuster Video

ADVERTISING EXPENDITURES

BLOCKBUSTER VIDEO

1988 $2,463.3	Media Total (000)	1989 Thru 3rd Quarter $10.326.1
—	BAR NETWORK TV	—
2.060.7	BAR SPOT TV	9,278.2
—	BAR CABLE TV	17.5
—	BAR SYNDICATED TV	—
—	BAR NETWORK RADIO	—
199.3	RER SPOT RADIO	369.7
13.1	LNA MAGAZINES	296.1
100.8	MR NEWSPAPERS	136.3
—	LNA SUNDAY MAGAZINES	—
89.4	LNA OUTDOOR	228.3

Sources: Arbitron's Broadcast Advertisers Reports (BAR); Leading National Advertisers (LNA); Radio Expenditure Reports (RER); Media Records (MR). Chart estimates are designed to show trends and shares among measured media.

Despite predictions of flat growth for the industry, Gruber says the state of the industry "has nothing to do with Blockbuster." His example is inevitable: The fast-food industry has softened in recent years, yet McDonald's is expanding. "We'll continue to grow, perhaps at the expense of others who aren't providing the customer with some services," says Gruber.

Tom Adams, an analyst with the Carmel, Calif.-based Paul Kagan Associates, estimates that there are approximately 30,000 home video stores in the United States, and the top chains account for a small percentage. "It's a very unconsolidated business at this point, and Blockbuster is head and shoulders above two-thirds of the other stores out there," Adams says. "The growth will probably come out of other people's hides."

Still, well-funded and aggressive regional entries such as Palmer Video, Applause Video and Erol's, as well as the smaller national chain of West Coast/National VIdeo, aren't about to surrender. Indeed, Blockbuster has had mixed success competing with many of these chains. And, while most regionals don't harbor national aspirations, Blockbuster does and makes no bones about the fact that it will go head to head in almost any market, no matter what the competition.

That hasn't prevented Blockbuster from expanding its goals. Blockbuster management bullishly hopes to have 3,000 stores open in the next few years, including moves into the overseas market. The company presently has 11 stores in England and hopes to have 50 there by year's end. Gruber says the VCR penetration levels there are roughly the same as in the U.S., but there aren't as many video stores offering the number of tapes Blockbuster does.

And why stop there? Gruber says the company is exploring outlets in locations as far flung as Australia and Japan. As Blockbuster sees it, America's Family Video Store may be just what the world needs. ■

Alcoholic Beverages

COLD GOLD

by Jean T. Barrett

Miller High Life had hit new lows. By 1985, the brew had lost almost half its volume in five short years, free-falling from 23.1 million barrels in 1980 to 12.1 million in 1985, according to Impact Databank. Sure, Miller Lite had picked up some of the slack, about 5.7 million barrels worth. But the once-golden Miller brand name was quickly losing its shine, and Lite couldn't save it all by itself.

Luckily, it didn't have to. That same year, Miller introduced Miller Genuine Draft, its cold-filtered, premium-priced line extension, in test markets. Deliverance! Genuine Draft climbed from a modest 100,000 barrels in its debut year to a lusty 4.6 million barrels in 1989.

It also took great pleasure last year in leaping onto the list of the top-ten selling beers, kicking out Michelob from arch-rival Anheuser Busch. And it seems to be continuing its heady performance — Miller executives are projecting gains in 1990 consistent with last year's rise, which finished at about 800,000 barrels.

"The exciting thing is that we're seeing continued accelerated growth in its strongest markets [the Midwest and the West], along with encouraging growth in markets where it's not as developed," observes Chuck Schmid, vice president of marketing for Miller Brewing, a subsidiary of Philip Morris. "Its popularity and volume are growing as it moves across the country."

"It's a beautiful thing," agrees Mary B. Seggerman, premium category director for Miller. "Genuine Draft is the only premium [full calorie] beer that's growing, and it's growing by leaps and bounds."

Bud Light and Coors Light, neck and neck in the number three and four slots, were also star performers in 1989, but much of their kick comes from the trend to low-alcohol, low-calorie beers. The performance of Miller's fledgling brew bucks the trend in full-calorie entries while giving its Miller brand name a much-needed boost in a troubled beer market.

According to the monthly trade publication *Beverage Industry*, beer consumption in the U.S. declined by 0.5% last year to 186.9 million barrels. Over the past decade, beer consumption has remained essentially flat and per capita consumption has declined.

The result? A veritable barroom brawl among brewers. Industry leader Anheuser-Busch, number two-ranked Miller and the feisty Adolph Coors Company all improved their positions in 1989, posting gains in volume and market share at the expense of struggling competitors, such as Stroh and Heileman.

Aggressive discounting on the big two helped. Analyst Roy Burry, who covers Philip Morris for New York's Kidder Peabody & Co., says that price shaving on Miller Lite, High Life and, to a lesser extent, Genuine Draft boosted the number-two brewer's volume across its line. The same strategy worked for compet-

Genuine Draft
Miller
Genuine Draft

Miller Genuine Draft blew into the top ten in 1989, much to High Life's relief.

itor Anheuser-Busch.

For Miller, the success of Genuine Draft has been critical. Analysts say that in recent years, High Life has failed to attract beer's most important market — young men in their twenties. Not only do they drink a disproportionate amount of beer — they are forming brand loyalties that may last a lifetime.

That's where the importance of Genuine Draft comes in. The brand has built a high-quality image with this young group. "There's no doubt that Miller Genuine Draft saved the Miller name in the regular beer category," reports Burry.

Miller knew it had tapped into a hot concept with Genuine Draft. The beer has a unique point of difference: It is cold-filtered, not heat-pasteurized, lending it, says the brewer, the fresh taste of real draft beer. Miller purchased the North American rights to the proprietary method, called ceramic cold-filtration, from the Japanese brewer Sapporo, investing some $100 million in the technology. In ceramic cold-filtration, the beer is rendered shelf-stable by forcing it through a ceramic filter, which removes microscopic impurities. Other major beer brands are heat-pasteurized.

The brand's positioning grew out of its production method. "Based on the fact that we do have this innovative, contemporary brewing process, this breakthrough in brewing, we have positioned the beer, from an image standpoint, as very contemporary, a cut above the rest," observes Thomas Cardella, brand manager for Miller Genuine Draft.

In the early days of the brand's introduction, the challenge faced by Miller's agency, Backer Spielvogel Bates Inc. (BSB), was to educate beer drinkers on the product concept — packaged draft. The first commercials, says BSB senior vice president Tom Cotton, were product-oriented, hitting hard on the message that now consumers could get real draft beer taste — the kind they had always enjoyed in bars and restaurants — in a bottle.

Gradually, the advertising evolved to include user imagery, but hardly conventional vignettes of hale and hearty guys tipping a few brews. The current incarnations show surreal incidents whereby Miller Genuine Draft ads — one on a billboard, one in a magazine — come to life and transform steamy situations into icy, snow-filled scenes, supporting the brand's cold-fil-

Chuck Schmid says they used a market-by-market approach.

JOHN NIENHUIS

Miller
Genuine Draft

tered positioning.

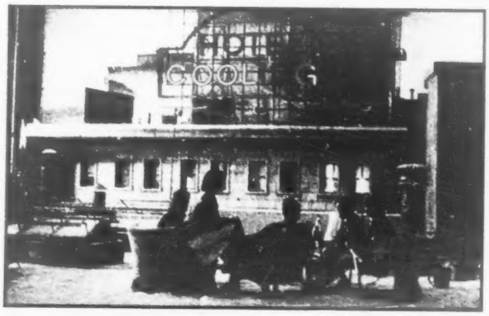
The spots are attention-grabbers and that's no accident. "With the saturation and the clutter that exists . . . it's important that you maximize your media spending with creative that delivers your communication points, but does it in a way that captures the imagination and the attention of your target," says Cardella of Miller.

BSB executive director and co-creative director Nicholas Gisonde recalls one spot, "Roadhouse," that was tough to sell to the client. "There's a strong need on clients' parts to show their beer drinker," observes Gisonde. "We presented a spot that didn't show the beer drinker at all; it was really very mysterious." The ad shows glimpses of a man entering a roadhouse, ordering a beer and leaving; as he enters, a dusty, broken down jukebox lights up and begins to play and other bar patrons take notice. "The client commented that it was either going to be real good or real bad, because it went totally against everything you try to do in beer advertising," laughs Gisonde.

By not presenting the protagonist, the commercial permits the viewer to imagine himself as the mystery man. "In that spot, we show more of the attitude of the guy we're talking to than if we actually showed a great-looking character actor," Gisonde explains.

"It's a very, very elusive target," acknowledges BSB senior vice president and group media director Gil Farley. "My son is 22, and his media exposure opportunities are, at best, eclectic, all over the map, and he probably fits the pattern. They're a tough target to make an impression on because of their lifestyle; at the same time, they represent a tremendous opportunity to us, and we've been quite successful at it."

A billboard comes to life to break through tv's clutter.



A cool attitude has as much to do with Draft's success as does the cold filtering.

A magazine ad offers some chilling relief in one tv spot.

As with any hot beer brand, Miller throws a lot of money at its target. In 1988, Miller Genuine Draft was supported by nearly $62 million in measured ad spending. Leading National Advertisers' data for the rolling year ended September 30, 1989, indicates spending levels of some $50 million.

Miller won't release the percentage of spending allocated to various media, but most of the money is gobbled up by network tv, according to LNA, and the bulk of that goes to network sports programing because of its efficiency. When they sponsor a game, Cardella says, they go the distance. "We always try to make sure that we have a multiple number of units per game, so that we do have a significant presence in a particular event."

While he continues to buy network sports, BSB's Farley is chagrined at the price tag. "Everything is up for renewal now, and you read in the press about the rights fees that have been paid by the networks," laments Farley. "We're not committed to sports at an unlimited price."

The Genuine Draft schedule is rounded out by other network tv programing, including late night shows such as *Late Night With David Letterman* and *Saturday Night Live*. As with sports programing, when the Miller Genuine Draft team commits to a show, they seek a dominant presence, running numerous spots in rotation.

The national media program also includes some prime-time tv, as well as network radio and print, "primarily contemporary adult publications with male readerships — *Sports Illustrated*, *Rolling Stone*, *Penthouse*," explains Miller's Cardella. An extensive local plan includes spot radio programing and spot tv and outdoor in large metro markets.

Key to the success of Miller's media buying is the topspin it receives through extensive merchandising efforts. Genuine Draft is heavily involved with rock music, sponsoring music venues around the country as well as specific concerts. In markets where they sponsor a venue, says Cardella, the brand goes in for heavy merchandising and cross-promotion with radio stations, offering free tickets to stations for giveaway, running consumer sweepstakes and, where legally permitted, entertaining retailers at private back-stage parties.

Three years ago, Genuine Draft took over a Miller High Life promotion called the Band Network, in which the brand sponsors 25 to 30 regional club bands around the country. Cardella estimates the brand gets exposure in 4,000 to 5,000 appearances annually through the Band Network, which is handled by Gary M. Reynolds & Associates, a music and entertainment promotional merchandising firm based in Brookfield, Wisc. When Genuine Draft buys ad space in music-oriented publications such as *Spin* and *Rolling Stone*, they also push for editorial support of its bands and music venues, adding more bang for the advertising buck.

Miller's Genuine Draft strategy emphasizes local tailoring of marketing efforts. "Instead of having some kind of a blanket approach, we look at how the brand is developing in each individual market," explains Schmid. "For example, we're a 10-share brand in California now. What we need to do to take it from 10% to 15% of the market in California is different from what we have to do here in Wisconsin, where we have 7% and want to get to 10%. The main thing we do [on the national level] is make sure that we have a strong, consistent national image for the brand . . . and then we tailor marketing programs to develop the brand in individual markets based on where it is at that particular time."

The Miller-BSB team is not averse to intensive tailoring of ads and even entire campaigns. Last summer, they decided that the brand wasn't doing nearly as much business in Atlanta as it should be, so the team did some field research. "We learned that a lot of young adults called their city 'Hotlanta,' " reports BSB's Cotton. That was translated into a self-contained tv, radio, print and outdoor campaign themed around the line, "Hotlanta needs the cold one." Cotton says the campaign was "very expensive and very worthwhile."

Not surprisingly, all this success with suds has the competition — read Anheuser-Busch — sniffing cautiously around the packaged-draft category. The Miller team asserts that A-B is now dropping language such as "cold-filtered" into its ads at every opportunity. And Anheuser-Busch went national in February with a line extension of the fifth-largest beer brand, Busch, called Busch Light Draft, which the brewer says is cold-filtered.

But Bob Merz, group brand director for A-B, says cold-filtration was the brewmaster's way of producing a light version of Busch with the right flavor profile, and he emphatically denies the leading brewery is grabbing onto Miller's coattails. "It's not an attempt to enter that category, because for one thing, we don't really think it *is* a category," Merz says disdainfully. "We don't think there's been enough volume generated to say 'Hey, there's a draft category out there.' We don't think the product differentiation is strong enough for most consumers."

Gary Hemphill, editor of *Beverage Industry*, feels that A-B's caution probably makes sense. "If Anheuser-Busch comes out and introduces a packaged-draft product and really markets it as that, then they legitimize the category," he observes. "It may sound strange, but that could help Genuine Draft. So I think their thinking was to go with the dry category and hope that its sales would leapfrog over the draft category."

Who guessed right, Miller or Anheuser-Busch? No one knows yet, but Miller's still putting a lot of heat behind its cold-filtered powerhouse brand. They've just inked a contract with Dennis Miller, the comedian and *Saturday Night Live* news anchorperson, to do advertising and promotional activities for the brand. And they're getting involved this year with motor sports — Miller Genuine Draft will sponsor the Rusty Wallace Blue Max Racing Team in NASCAR racing and will underwrite Patrick Racing's team with Roberto Guerrero at the wheel in this year's Indianapolis 500. BSB is brewing up a print ad campaign tailored specifically to motor-sports publication.

Notwithstanding its success so far, Miller's cold-filtered brand will probably need every last ounce of support in the coming decade. Industry pundits say the marketing environment isn't getting any cushier. Frank C. Walters, director of research for *Impact* and *Market Watch*, feels that beer marketing "is going to be harder in the '90s. I think beer on a volume basis peaked in 1989. Over the rest of the decade," says Walters, "I don't expect volume to maintain present levels."

Says Hemphill of *Beverage Industry*, "This will be really an interesting year for the beer industry, because there are a lot of categories like the dry category, like the packaged-draft category, where the question is: Do they have staying power? This year will probably tell." But it looks like Miller Genuine Draft is on the right course. "I really think that there's a market for packaged draft products," says Hemphill. "The dry category might be a little more questionable." There's a pause. "Yes, this is going to be one of the most interesting years in a long time for the industry." ■

ADVERTISING EXPENDITURES

[illegible]	BAR NETWORK TV	BAR SPOT TV	BAR CABLE TV	BAR SYNDICATED TV	BAR NETWORK RADIO	RER SPOT RADIO	LNA MAGAZINES	MR NEWSPAPERS	LNA SUNDAY MAGAZINES	LNA OUTDOOR
Media Total (000)										
1988 $61.641.3	44.213.3	8.258.3	2.046.7	11.8	—	5.176.4	857.9	—	—	i.076.9
1989 Thru 3rd Quarter $40.352.2	20.317.5	6.778.4	1.939.2	801.1	—	6.965.4	2.029.3	—	—	1.521.4

Sources: Arbitron's Broadcast Advertisers Reports (BAR). Leading National Advertisers (LNA). Radio Expenditure Reports (RER). Media Records (MR). Chart estimates are designed to show trends and shares among measured media.

Home Products

LOOKIN' GOOD

by Brian Bagot

When it comes to home care, it doesn't get more basic than paint. And to date, for those involved in producing this maintenance staple, basic is the word that best described their marketing efforts. Dutch Boy Paints, however, has shown its competitors just what a fresh image can do for an otherwise drab industry.

In a five-year repositioning plan that concluded in 1989, the Dutch Boy brand peeled off the lackluster advertising of the paint industry and rolled on a high-class, quality positioning in its successful bid to capture young fashion-conscious adults. By targeting 18-34-year-olds and giving an upscale, fashion image to the Dutch Boy brand, marketing management has helped move the brand's share from 3% in 1984 to 5.8% in 1989, including a gain last year of 0.6 percentage points. Today, Dutch Boy holds the number-four position in the $2.4 billion do-it-yourself paint market, behind Sears, with 15%; Glidden, with 14.5%; and Sherwin-Williams, with 10%. And with Dutch Boy's 1990 move into Sears for national distribution, further share gains are almost a given for the brand in the year ahead.

That performance is even more impressive when put in perspective. Last year's $4.4 billion in total paint sales, which translates to 531.1 million gallons of paint, is a continuation of a slow-growth pattern for the industry. With only 2% annual unit growth, any share gains have to come from competitors, and the management of Dutch Boy, which was acquired by Sherwin-Williams in 1980, set out after them with a vengeance.

The first years of the five-year plan were concentrated on changing packaging and color systems, as well as key retailer promotions, which included local sweepstakes. Then in 1988, the company used tv to introduce "The Look," an image campaign that changed Dutch Boy into a customer-driven marketer. "They gave a rather boring product a fashion image rather than try to sell it based on a chemistry lesson," says Charles Cerankosky, an analyst with Prescott Ball & Turben, a Cleveland-based brokerage house.

The 82-year-old Dutch Boy actually is marketed under four different labels. The flagship Dutch Boy brand is sold through home-improvement stores (and recently in a few Sears markets in test for the national roll-out). Performer and Fresh Look, two labels made exclusively for K mart by Dutch Boy, still feature the Dutch Boy name and logo on the label, thus benefiting from the image campaign. And Dutch Boy's Chemtone, another controlled label, is sold through discounters. Overall, unit sales for Dutch Boy increased 3.4%, outpacing the market. But sales of the satin-finish line, which is the focal point of the ad efforts, shot up by 21.6% in 1989.

With the theme "The Look that Gets the Looks" tying together all advertising, merchandising and point-of-purchase materials, the "Look" campaign for satin

SUPER
Dutch Boy
LATEX
SATIN
3.5 LITERS
DEEP BASE
27-05

By rolling on a quality image, Dutch Boy near doubled its share while holding its price.

THE LOOK
SATIN·FINISH
Dutch Boy

finish created something unique for paint — a hot product that held its price points. The cost to get this new quality image across during 1989 was $7 million, according to its agency, Griswold Inc. of Cleveland.

"The difference is whether you look at paint as a manufacturer or look at it as a marketer," says Peter Balint, director of marketing and advertising for the consumer division of Sherwin-Williams Co. "If you look at it as a manufacturer, that's like looking at beer and saying, 'Well, it's got hops and barley,' and trying to sell that. We found that what the consumer is really buying is a finished look."

Balint admits that the product's attributes, such as one-coat coverage, are important, but he adds that consumers already expect them. "They understand that the product is going to have all these attributes, and that stuff has to be there," he says. "But when Mr. and Mrs. Jones buy that product, they're looking for the end result — What will their space look like? We wanted to focus in on selling that."

Another motivation behind the targeted image effort, based on Dutch Boy's consumer research, was the strong brand loyalty within the product category. The company found that once people started using a brand, they tended to stick with it as long as it was easily available and performed to expectations. The decision was made to generate trial and attempt to get the younger first-time user hooked.

"We looked at the demographics and found that 18-34 was about 27%-28% of the total market, and they were the highest percentage of the heavy users as well," says Balint. "So instead of trying to address 25-54, which may be 80% of the market, we decided to really focus on this 18-34 group."

With this decision, Dutch Boy reassessed its media placements. In television, its conclusions led the company, via its agency, to some pretty unorthodox programing for the paint industry. Previously, Dutch Boy had followed its national competitors into the evening news and other programs oriented toward a larger demographic group. Little prime time or daytime were used. Now, MTV, VH1 and *Late Night With David Letterman*, once interesting ideas, are brought into the mix. In addition to these, prime-time spot on programs such as *The Wonder Years* and *thirtysomething* were bought in 17 markets in 1989 at a cost of about $3.2 million, up from 10 markets a year earlier. Also included in the mix is the *Home Show*, ABC's daytime attempt at reaching younger housewives. National broadcast spending was about 20% of the overall budget, totaling $1.4 million.

Dutch Boy
Over 1000 Colors
Interior & Exterior
Dutch Boy

Dutch Boy's Balint, left, and vice president, sales and marketing, Scott King turned to Griswold's Weber (right) to help shake up the media plan.

DIANA McNESS

Now that Dutch Boy is running on these nontraditional outlets, Balint feels that competition for attention has spread beyond paint to include big spenders like Anheuser-Busch, P&G and Pepsi, so production values have to be high. "When you're on the tube, the consumer doesn't say, 'Well, that's the paint category, so that commercial doesn't have to be the same caliber as beer,' " Balint explains.

Besides prime time and music-video cable stations, The Weather Channel serves as another strategic cable venture that has helped push Dutch Boy paints across the counters of home-center stores. Looking at the relationship between paint sales and the weather, Balint says the company found that "consumers really have a problem in trying to decide if they're going to do the project this weekend or next." To help consumers plan their painting projects around the weather, Dutch Boy is sponsoring the "Weekend Weather Outlook" on the cable net, while The Weather Channel produces "infomercials" that offer handy painting tips to do-it-yourselfers in a segment called "The Weather and Your House." Retailers are encouraged to mention in their advertising that if customers are planning to paint, they should check the Weather Channel for the "Weekend Weather Outlook" from Dutch Boy.

To increase reach and frequency, as well as provide a destination for consumers, spot radio was used last year, at a cost of $1.7 million in the first three quarters, according to LNA's Radio Expenditure Reports. Primarily, the top three or four young-adult oriented FM stations in a market were used. Plans this year, however, do not include radio, except on a selected spot-market basis.

Dutch Boy's print campaign, which totaled $700,000 last year, moved from what Balint describes as "screwdriver books" into three categories of magazines — lifestyle, lifestage and home fashion. Jeff Weber, vice president, account supervisor at Griswold, echoes Balint's reasoning regarding such choices. "Why should we advertise in all those books where all the other paint people are? We chose to go into something a little different, where our message might stand out."

ADVERTISING EXPENDITURES

DUTCH BOY PAINTS Media Total (000)	BAR NETWORK TV	BAR SPOT TV	BAR CABLE TV	BAR SYNDICATED TV	BAR NETWORK RADIO	RER SPOT RADIO	LNA MAGAZINES	MR NEWSPAPERS	LNA SUNDAY MAGAZINES	LNA OUTDOOR
1988 $4.112.3	1.521.7	1.503.0	180.8	—	—	906.8	—	—	—	—
1989 Thru 3rd Quarter $3.726.5	—	1.627.7	197.5	—	110.0	1.791.3	—	—	—	—

Sources: Arbitron's Broadcast Advertisers Reports (BAR). Leading National Advertisers (LNA). Radio Expenditure Reports (RER). Media Records (MR). Chart estimates are designed to show trends and shares among measured media.

Balint points to *Cosmopolitan*, "which I don't think ever before saw a paint print ad," as one example of a lifestyle book that made their list. *Modern Bride* and *Parents* magazines are two lifestage books used by Dutch Boy that are tied closely to the first-time user target — 25-34, recently married, engaged or those who recently had a baby or are expecting. And first-time home buyers and others are targeted through home-fashion magazines, such as *Country Living* and *Metropolitan Home*. "We wanted to be there for all of these stages," says Balint.

Also adding some rub-off to Dutch Boy paints is its sponsorship, with the Dick Simon Racing Team and Provimi Veal, of a race car on the Championship Auto Racing Teams (CART) Indy Car circuit. "Indy racing will continue to build the upscale image of Dutch Boy, which started with the 'Look,' " says Balint. "It's unique, we're unique, and that's why we're married." Among the other sponsors of the Circuit are Benetton, Porsche and BOSS Men's Fashions.

Given the commodity mindset of many in the paint business, it's not surprising that it is a product that relies heavily on "on sale" sales. But while Dutch Boy's satin-finish paint is also moved during sales, at between $12-$17 a gallon, its premium image and unique look have helped it hold its price points. Kevin Moore, an analyst with the Ohio Co., a Columbus, Ohio-based brokerage firm, states, "If you think that it's going to be on your wall for five or ten years, you're really not going to worry about a few extra bucks."

The future appears to hold more growth, especially since Dutch Boy's distribution through Sears stores will go national after about two years of testing in the Chicago and Philadelphia regions. It's expected by Ohio's Moore that when the dust settles in the next few years, the Sears business could develop into a $150 million-a-year business for Dutch Boy. Cerankosky at Prescott Ball & Turben says the Sears' decision "indicates two things — Sears' desire to carry brand names and the recognition of Dutch Boy's leadership as a branded paint."

Dutch Boy has doubled its media expenditures to about $15 million to trumpet the increased distribution, and tv flights are moving from spot to a national basis and will consume between 80%-90% of the ad budget. "Prior to this, there were pockets of strength — the Northeast, Midwest and West Coast — so now we've filled in the South," says Balint.

"In '89 we reached about 36% of U.S. households, based on the spot markets that we had; in 1990, we'll be tripling that message by going network," he says. Dutch Boy is looking to buy the same type of shows it bought last year and put "a significant amount of money into prime time again," according to Balint. Print also will see an expansion, with the number of titles used increasing to 14 and the number of insertions almost doubling to 27. That's laying it on thick — but the end result hopefully will meet expectations. ■

SHOES
FLOWERS
PAINT
SWEETS
BOOKS

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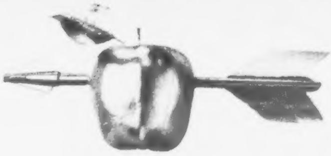


Snacks

BEAR ESSENTIALS

by Brian Bagot

To some, it borders on sacrilege. There on the tv screen are three over-sized bears making their Beatle-like entrance into your home town and then imitating Elvis to further their cause. "Won't you let us be your — Teddy Grahams," sing the rock'n'rolling Teddy, Freddy and Eddy. Who do they think they're appealing to here — the kids or their nostalgia-oriented parents?

You guessed it — both. In one of the most bullish new-product introductions in years, Nabisco made sure its bears hit all the right notes — nostalgia, health, taste and all the warm-and-fuzzy feelings that teddy bears conjure up — to hit both ends of their target market. Lurking behind all this niceness, however, was one tough, determined marketing plan. Just like with Elvis and the Beatles, America never knew what hit 'em.

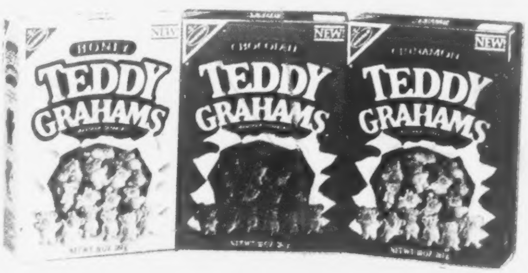
After an introduction in September 1988, Nabisco's Teddy Grahams, which are little bear-shaped graham cookies, clawed their way from nowhere to the number-three position in the cookie kingdom, joining their parents' Oreo and Chips A'hoy cookies to lock up all three top spots. By year-end 1989, Teddy Grahams were a big hit, commanding a near 5% share of the $3.5 billion cookie market. Although totals for '89 were not in by press time, sales of Teddy Grahams are expected to exceed $150 million at retail in what many term a no-growth market. And the hip little bears did all this with a basic cracker formula that predates Rudy Vallee.

"The major thrust came out of our desire to contemporize and build on the strength of graham crackers, a product everyone loves but stops eating when they're five and resumes eating when they're 55," explains Sharon Fordham, senior director of marketing for new business at the Nabisco Biscuit Co. "But graham is a product right for the times; it's got that better-for-you aura," she says. "The key was to create a children's cookie that had some of the better-for-you aspects of graham, but with more inherent fun."

To that end, Nabisco didn't just give the cookies a personality; they also created a contemporary look and feel for the hibernating product. "Grahams are a very old product and their physical construction is very large," explains Fordham. "They are an antiquated product form." Flavors, shapes and sizes were all happening trends picked up by Nabisco research, so they made their Teddy Grahams bite-sized, created three flavors (chocolate, cinnamon and honey) and made them tiny and cute.

"They found what's hot — the bite-size niche — and they found the right flavor combinations," says Jim Cirillo, former marketing manager for Dancookie Brands Inc. and now a consultant in the packaged-goods industry. "It worked perfectly."

Frank Blod, a partner with New England Consulting Group, a Conn.-based consulting company, agrees. "Teddy Grahams are capitalizing on some important consumer mega-trends, like the



Teddy Grahams rocked the cookie shelves by hitting the right notes with both parents and kids.

TEDDY GRAHAMS
GRAHAM SNACKS

miniaturization of foods and the growth in general snacking." But Blod also sees Teddy Grahams' success as based on "some very creative marketing and merchandising," ranging from the name of the product to its design, packaging, promotions and advertising.

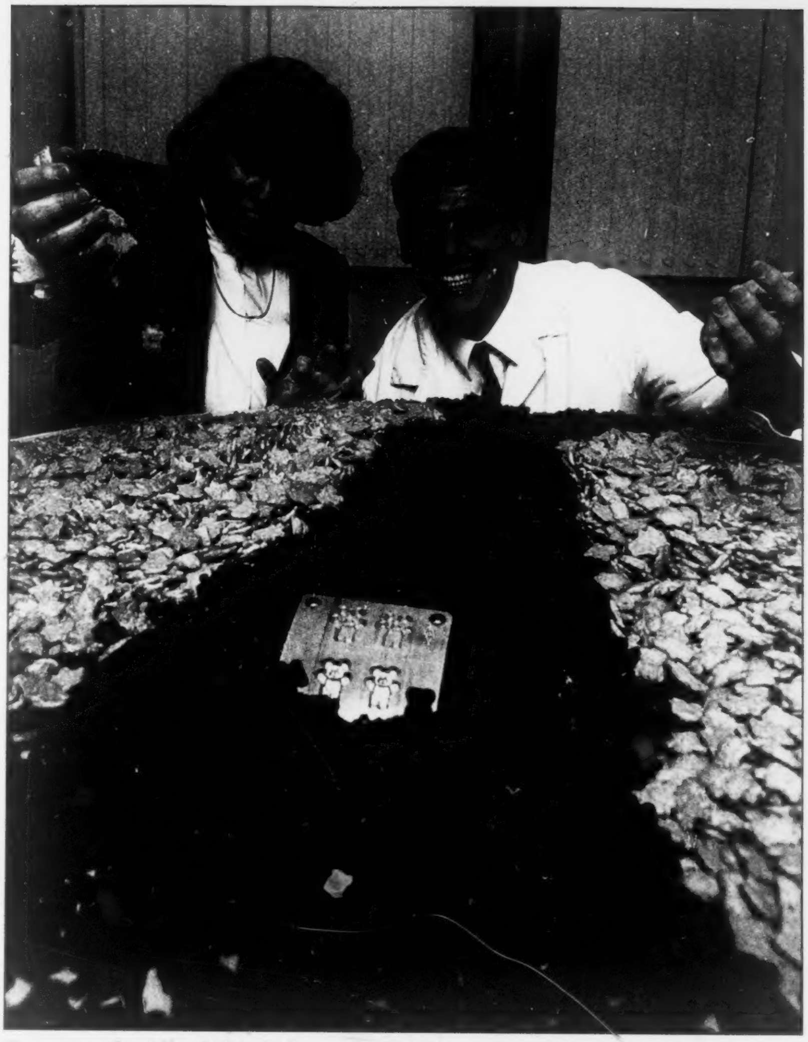
"It's a product that you see only every once in awhile," says Blod. "The Teddy Grahams name, the positioning, trend-spotting, excellent consumer acceptance, excellent product and creative sizzle — add those all up and you get a home run."

Echoing Blod is Brian Suher, an analyst with Black & Co., a Portland, Ore.-based brokerage house. "This *is* American marketing. It's a very good example of how they ran the classic channels," he states. "It's almost like the textbook from Procter & Gamble in terms of how to do an introduction. They definitely carried through with the entire plan."

The centerpiece of the integrated sales and marketing program featured a tv ad campaign that headlines the Rock'n Bears singing their version of Elvis' 1957 hit, "(Let Me Be Your) Teddy Bear." The song did more than pun on a hit — it was instantly recognizable to many parents but also created a hip image that kids could relate to.

The campaign's dual thrust comes through even more clearly when you examine the schedule of shows used to push the bears. The programing for the two 30-second spots is not just targeted toward kids on Saturday mornings. The mix is broken out to target moms, and maybe even a pop or two, with spot and network daytime, prime time, cable and syndication, at a cost of $7.4 million for the first three quarters of 1989, according to Leading National Advertisers.

Network tv took the bulk of the expenditures and cost the brand $5.2 million during the three quarter period, while syndication received $926,800. Spot and cable ran up bills of $549,000 and $695,600, respectively, according to LNA. Programing for the first three quarters of '89 included cartoons like *Gilligan's Island*, *Flintstones*, *The Real Ghostbusters* and *COPS*, while *A Current Affair* and *Lifestyles of the Rich & Famous* targeted moms, according to Arbitron's Broadcast Advertisers Report.



Fun was the idea behind the reformulation, says Sharon Fordham, shown with R&D's Randall Deihl.

JUDY GUROVITZ

A Nabisco spokesperson says that initial commercials in early '89 targeted the kids on Saturday mornings, emphasizing the "scrumptuous," with the bears singing and dancing with kids in a Teddy Grahams concert. Meanwhile the spot running on daytime soaps and game shows featured the product's "wholesome" image. In this spot the bears are deboarding a plane, à la Elvis, The Beatles and The Monkees, to a screaming group of kids welcoming them to their town.

The strategy goes beyond nostalgia, as Cynthia Perry, senior vice president, management director for Teddy Graham's agency, FCB/Leber Katz Partners, points out. "It's an interesting dynamic between the nostalgic for the moms and the contemporary for the kids. We have made a very conscious decision to make the bears hip by their costuming, by their dance moves, all those kinds of things."

Following the strategy it uses for most of its other cookie and cracker products, print was not used last year, and there are no plans for the medium. Richard Miller, associate media director with FCB/Leber Katz, explains that for kids' media, tv is far more efficient than print, "and we were able to get a continuous year-round presence in kids' television. This allowed us to achieve higher reach levels." As for adults, Nabisco thinks television, point-of-sale and its promotions are most effective.

But promotions, Fordham says, are "so far, not a big factor." Besides FSIs, Teddy Grahams' biggest promotion is its free Teddy Grahams poster giveaway with proof of purchase. Three-dimensional Bear displays also danced in the aisles at retail. With cookies being an impulse purchase item, point-of-sale is a big factor, particularly in the Hispanic market where the emphasis is on the cinnamon flavor. No other Hispanic-specific media were used.

One big advantage Teddy Grahams did have in their introduction was their lineage. Nabisco Brands Inc. is one of the largest food operations in the RJR Nabisco family of companies, which went private in a $24.88 billion buyout last February by New York investment firm Kohlberg, Kravis, Roberts & Co. The buyout was one of the largest ever in the U.S. Within Nabisco Brands are four operating companies: Nabisco Biscuit Co., maker of Teddy Grahams; Nabisco Foods Co., which includes everything from Shredded Wheat to Grey Poupon mustard, but no cookies; Nabisco Brands Ltd., the Canadian operation; and International Nabisco Brands, the global operations, excluding North America.

Nabisco Biscuit is the undisputed cookie king, with number-one ranked Oreo and number-two Chips A'hoy holding 10% and 7% of the total cookie market, respectively. Shipments of cookies during the first nine months of '89 increased 5.1% to 1.5 billion pounds last year, according to *Snack Food* magazine; Nabisco's piece of that is estimated to be 34%.

Demonstrating Nabisco's strength in the market, as well as the scope of its sales and distribution system, the company did not feel it necessary to run Teddy Grahams in a test market. The company has 3,500 salespeople out in the field calling on stores two to three times a week, and it decided that force could do the job to bring the brand national overnight.

This is not to say that the company didn't do any consumer testing prior to the launch. Preparations made before the introduction were the basic premarketing tests that include in-home testing, in which demographically selected families receive products at home for evaluation. They also held focus groups.

> **"The Teddy Grahams' name, positioning, trend-spotting, excellent product, acceptance and creative sizzle — add those all up and you get a home run."**

But Nabisco's size and history with retailers means the company basically controls its own retail shelf space, allowing it to cut back, drop and add products as it sees fit. This is in contrast to smaller or unestablished brands that have to pay the supermarket chains a one-time, $60,000-$80,000 slotting fee to get their products on the shelf, where they stay only as long as the product moves. Nabisco could insure Teddy Grahams distribution right from the start.

ADVERTISING EXPENDITURES

TEDDY GRAHAMS

1988	Media	1989 Thru 3rd Quarter
$6.192.9	Total (000)	$7,414.6
5.134.9	BAR NETWORK TV	5.243.2
297.7	BAR SPOT TV	549.0
419.2	BAR CABLE TV	695.6
341.1	BAR SYNDICATED TV	926.8
—	BAR NETWORK RADIO	—
—	RER SPOT RADIO	—
—	LNA MAGAZINES	—
—	MR NEWSPAPERS	—
—	LNA SUNDAY MAGAZINES	—
—	LNA OUTDOOR	—

Sources: Arbitron's Broadcast Advertisers Reports (BAR); Leading National Advertisers (LNA); Radio Expenditure Reports (RER); Media Records (MR). Chart estimates are designed to show trends and shares among measured media.

Of course, the product had to be good once it landed on those shelves, and the cookies scored high with kids on this front. Nabisco's efforts to extend the bears into a breakfast cereal this past November, however, are thus far proving more problematic.

"It's a logical extension," says Fordham. "Take the health aura and low sugar, and you've got a low-sugar breakfast that kids love to eat. And that's a pretty powerful combination." Ads for the cereal again feature the Rock'n Bears, this time singing their own version of the Everly Brothers' "Wake Up, Little Susie."

But word in the market is that the cereal is not doing as well as Nabisco expected. The Bears are getting too soggy, too quickly in the milk. The formula has been changed to coat them with sugar, despite their claims of lower sugar content, but they're still breaking down right away.

"A lot of people have tried it, but Nabisco found that it's not getting reuse on the cereal," notes consultant Cirillo. Nabisco responds that any cereal gets soggy if left in milk too long, and the company sees no problems with the cereal. Meanwhile, Nabisco is gearing up for another Teddy Graham extension with snack packs, which are currently being test marketed in several cities, including Boston, Atlanta and Indianapolis.

To keep up the cookies' bouncing beat, Nabisco plans to create a Teddy Grahams fan club. By enrolling kids, Nabisco will develop a data base of Teddy Graham consumers that can be used to target direct-mail efforts. This is not unlike the moves of two previous Marketing Successes, Nintendo with its magazine, and Barbie with her fan club and magazine.

In addition to the fan club, Nabisco has hired Applause, a licensing agent on the West Coast, to represent Teddy Grahams in licensing deals. Move over, Elvis — it can't be too long before the Rock'n Bears follow you to the silver screen. ■

Toys

PLAYING FAVORITES

by Joe Mandese

The fates of toy companies, like the market they serve, are fickle as hell. As Chapter 11'd manufacturers Coleco (Cabbage Patch) and Toys of Wonder (Teddy Ruxpin) discovered, there is a big difference between winning the hearts of the little darlings and holding onto them for the long term.

None have learned this lesson better than Mattel Inc. Despite a line of venerable toys that have stood the test of time, the company's vision often has strayed from its strengths, and earnings have taken a dive as a result. Now, after a decade-long roller-coaster ride, the toy maker is riding high. From losses of $113 million in 1987, Mattel is projected to earn $82 million in 1989, according to Kidder, Peabody analyst Gary Jacobson.

While some hot new products like Li'l Miss Makeup and the Power Glove contributed to this performance, it was Mattel's renewed commitment to its core brands that led the way to its turnaround. Just three brands — Barbie, Hot Wheels and the Disney pre-school line — account for about three-quarters of its 1989 revenues.

Barbie alone grew 25% in 1989 to about $600 million in worldwide sales, while Hot Wheels grew about 20% to more than $110 million. And the Disney line, which Mattel produces in a licensing deal, exploded from $55 million in 1988 to $125 million last year.

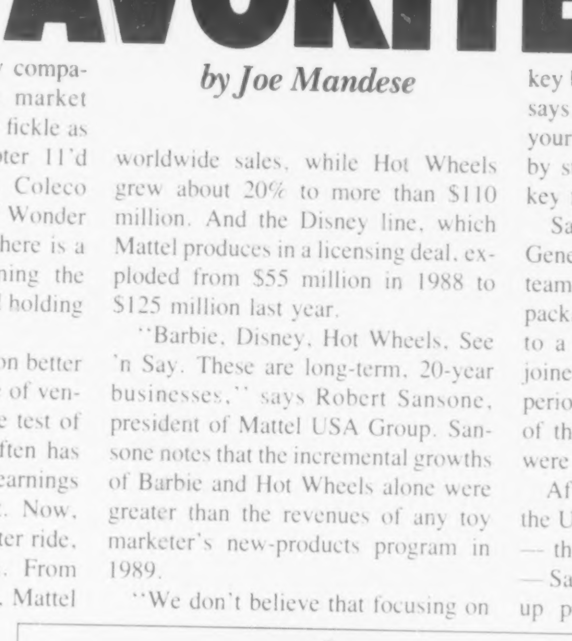
"Barbie, Disney, Hot Wheels, See 'n Say. These are long-term, 20-year businesses," says Robert Sansone, president of Mattel USA Group. Sansone notes that the incremental growths of Barbie and Hot Wheels alone were greater than the revenues of any toy marketer's new-products program in 1989.

"We don't believe that focusing on key brands has to slow you down," he says. "We believe that you can grow your business in double digits for years by strengthening and supporting your key franchises."

Sansone, who spent 24 years with General Foods, heads a management team that excelled by applying classic packaged-goods marketing techniques to a seat-of-the-pants business. He joined Mattel in 1987 during one of its periodic downturns. "There were a lot of things," he understates, "that we were not doing right."

After building "He-Man: Masters of the Universe" into a $400 million line — the most successful boys' toy ever — Sansone came in just as the pumped-up performer lost its muscle. Like many ill-fated toy marketers, Mattel had employed a volume-driven strategy that oversaturated the market with He-Man products. The resulting carry-over costs contributed to a $113 million loss in 1987 that might have collapsed the company, if not for perennial performers like Barbie and the Hot Wheels line.

This blunder followed a $394 million loss just a few years earlier when a poor marketing strategy for its Intellivision system drove Mattel out of the video-game business. While Mattel had little



Mattel now knows that not all growth in the toy business comes from the next big thing.

MATTEL **Mattel Toys**

trouble developing hot new products, the company clearly had problems managing for long-term success.

The new management team moved quickly to establish a discipline not normally associated with the toy business. First the firm cut its overhead by shutting down excess plants and non-toy assets. Then it devised a long-term plan that focused on growing core brands such as Barbie and Hot Wheels, with selective investments in new product development.

The firm also became a more disciplined buyer of media time and space. "We learned a couple of fundamental things about how to improve the effectiveness of our advertising on both the media and the copy side," explains Sansone.

On the creative side, Mattel began rigorous copy-testing of campaigns for new brands to make sure they delivered the right messages. To ensure they were heard by the right targets at the lowest possible cost, the firm revamped its planning and buying system. "We went back and analyzed what distinguished new-product successes from new-product failures, and we discovered some [proprietary] things regarding media weights and how to schedule, how to flight and what combinations of reach and frequency are necessary to create the awareness for a new toy to be successful," explains Sansone.

Robert Sansone applied packaged-goods strategies to the toy business. Here, he and a friend conduct a bit of research.

JIM CACCAVO

Put simply, Mattel had overspent on new-product launches while neglecting its core brands. An innovator in toy-based kids programing (it was the first firm to develop an animated kids show based on a product — Hot Wheels — in 1968), it got caught up in a heavy spending cycle to support programing based on its brands. Although this formula was a key to the earlier success of He-Man, it was not generating similar returns for other brands, including Captain Power and Marshall Bravestar.

"We got out of these shows because they were not carrying very good efficiencies," explains Sansone. "They didn't have very good ratings, and we were saddled with having to use up our committed time."

Mattel's new media-planning system was the fruit of a three-year internal analysis of its media mix that calculated 35 different variables to arrive at the optimum reach and frequency curve. Although that curve is proprietary, Mattel senior vice president of marketing research and media Martin Miller says it essentially tells the toy-maket when a media buy has peaked in its effectiveness.

> **"Barbie, Disney, Hot Wheels, See 'n Say. These are long-term businesses . . . We don't believe focusing on key brands has to slow you down."**

"Most people go by an average frequency of 6.8," Miller says. "We ignore that number altogether. What we try to do is reach a targeted number of kids a specific number of times," he explains. "We never even look at average frequency, because 10% of the kids may see it 20 times and 90% of the kids may only see it once. It's a great average, but it's doomed to failure."

Working with its two agencies — Ogilvy & Mather, which represents about two-thirds of Mattel's billings, including buying responsibilities for print, adult tv, kids syndication and cable; and Foote, Cone & Belding, which has buying duties for kids network and spot tv — Mattel has been able to improve both effectiveness and efficiency. The formula: fine-tuning

Mattel Toys

daypart scheduling, the duration of media flights and even the media mix. "There's a point in time when an ad becomes inefficient, and we've been able to determine that," explains Miller. That doesn't always mean killing the flight, he says; it may mean cutting back from 30-second spots to :15s, for example.

As for its media mix, Mattel has moved dramatically away from the traditional toy-marketer's dependence on spot tv. "Toy companies, by and large, are spot buyers," explains Miller. "Spot buys account for less than 5% of our budget now. With some other companies, like Hasbro, it's as much as 100%."

As for Mattel's national tv mix, Ogilvy & Mather senior vice president and executive media director Ron Reilly says a task force comprised of Mattel, O&M and Foote, Cone & Belding executives arrived at a formula that increased cable and syndication relative to broadcast network buys. "We significantly altered the mixes of kid dayparts between syndication, cable and network, which resulted in more focused communication at a lesser cost," he explains. "That obviously means we can support more product, or get a higher level of awareness, or just save money."

The company also persuaded its agencies to negotiate better rates and positioning. "We had some frank discussions with the media department," admits Sansone. "We identified alternative opportunities that would have given us those benefits had they not found a way to do it." This combination of more effective planning and a tougher negotiating posture resulted in a "20% increase of GRPs against the target audience," he claims.

Indeed, while Mattel has increased its ad budget, these improved efficiencies have been reflected in a lower percentage of revenues going toward ad spending. In 1989, for instance, Mattel increased its advertising budget about 21% to $195.1 million, but reduced its percentage of revenues from 16.3% to 15.8%. Revenues for this period, meanwhile, are estimated to have grown about 25% to $1.2 billion.

"In a lackluster toy environment, Mattel continues to generate strong across-the-board retail product movement yielding outstanding results," writes Jacobson in a recent Kidder, Peabody research report. The company achieved this, explains Jacobson, by concentrating on "core products with staying power . . . Mattel has gone from a money loser to a turnaround to, finally, an impressive growth story."

ADVERTISING EXPENDITURES

MATTEL

1988 $39.278.4	Media Total (000)	1989 Thru 3rd Quarter $23.781.4
12,377.3	BAR NETWORK TV	7,051.4
11,073.5	BAR SPOT TV	6,961.5
1,906.8	BAR CABLE TV	1,499.2
9,010.0	BAR SYNDICATED TV	5,296.0
—	BAR NETWORK RADIO	—
—	RER SPOT RADIO	—
4,549.4	LNA MAGAZINES	2,973.1
361.4	MR NEWSPAPERS	—
—	LNA SUNDAY MAGAZINES	—
—	LNA OUTDOOR	—

Sources: Arbitron's Broadcast Advertisers Reports (BAR); Leading National Advertisers (LNA); Radio Expenditure Reports (RER); Media Records (MR). Chart estimates are designed to show trends and shares among measured media.

Barbie, for example, benefitted from one of the most intensive marketing efforts in the brand's 30-year history. Unlike previous Mattel management, who sought to play down the doll's age on her 25th anniversary, the new team exploited Barbie's 30th year as much as they could, including the Barbie Pink Jubilee, a star-studded celebration held at Lincoln Center in true Barbie style — plenty of glitz and most of it pink. The event was a PR bonanza. According to Sansone, the anniversary generated either electronic or print media coverage every day of 1989. None less than *Smithsonian* magazine confirmed Barbie's status as a cultural icon when it put her on its cover, showing her evolution over the years.

To buoy the Barbie line, which has been greatly expanded and now includes 59 separate dolls and 250 accessory items, Mattel exploited every possible tie-in and promotion. A live model of Barbie was featured as a performer in the 1989 Ice Capades, and of course Mattel introduced an Ice Capades version of the doll, complete with ice skates. Mattel also licensed the name for a Breakfast With Barbie cereal line, which Ralston-Purina pro-

GRAB THE POWER,
TOUCH THE FUTURE.

If you can't beat 'em, accessorize 'em. Mattel's new Power Glove takes the place of a joystick on Nintendo games.

moted to kids and moms with a $15 million media budget. The approximately 10 million boxes — featuring Barbie on both the front and rear panels — certainly didn't hurt the brand's awareness.

Just about every major Mattel brand benefitted from tie-ins and promotions in 1989. The Disney line, for instance, had a catalog with rebate and consumer incentives tipped into women's services books. It also got heavy play in the Disney theme parks.

But the best examples of Mattel's promotion strategy are its fall campaign. Beginning in 1988, Mattel became the first major toy marketer to launch an intensive consumer promotion campaign tied to the fall selling season. The firm distributed 582 million store-redeemable coupons via direct mail and magazine inserts. The effort was supported by heavy tv and print advertising and had promotional tie-ins with other companies, including 7UP, Kraft and Kellogg's.

In 1989, Mattel took a slightly different tack. Instead of the standard direct mail or FSI coupon distribution, Mattel turned it into an event called "Mattel Kids Care Too," which tied into seven national charities. The company donated $2 million in toys and $250,000 in cash toward the effort, which was designed to encourage children and their parents to donate toys to underprivileged children.

Mattel distributed 40 million activity booklets, including rebates and coupon discounts for new Mattel toys, as part of the effort. The retail trade also got behind it, setting up collection bins for children to donate their old toys. Interestingly, about 200,000, or one-seventh, of the donated toys were new toys purchased in the stores.

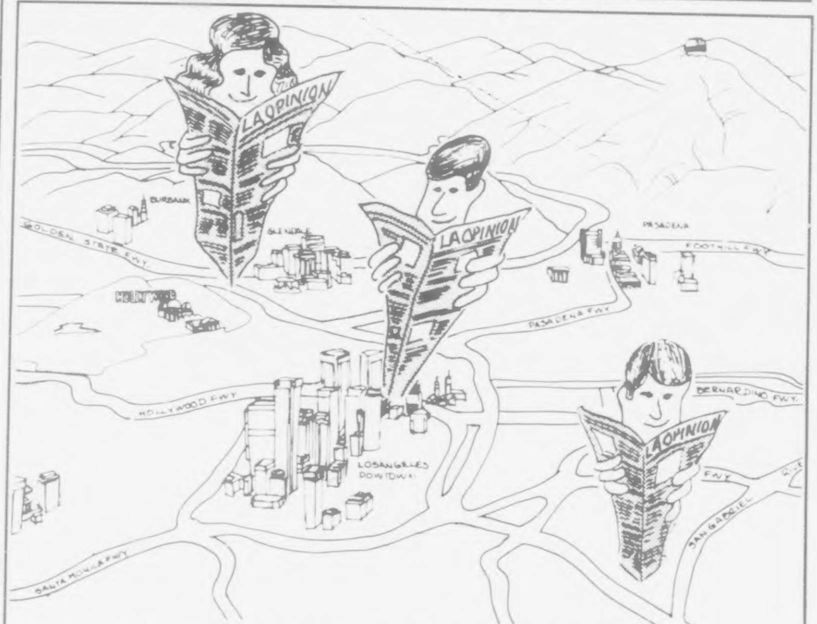
While Mattel bolstered its core brands with such efforts, it also invested selectively in new product development. It entered the "large doll" market in 1988 with Li'l Miss Makeup and had $40 million in sales its first year. And while Tyco's Oopsy Daisy doll was bally-hooed in the press as the hot doll of 1989, Mattel's expanded Li'l Miss line, including Li'l Miss Makeup, Li'l Miss Dressup and P.J. Sparkles, sold about 1 million units (contributing $115 million in 1989 revenues) compared to a mere 600,000 Oopsy Daisy dolls.

Last year's promotion took a socially-conscious turn by encouraging kids to turn in their toys for distribution to the underprivileged.

Mattel also had the confidence and audacity to reintroduce the He-Man line, albeit a modified version, in 1989. Mattel's research correctly indicated that He-Man still had a high awareness among boys and moms, and that the consumer franchise was still there. The new streamlined, more human-looking action figure chalked up $35 million its first year with relatively little promotional support. A two-hour miniseries, *The New Adventures of He-Man*, broke before Christmas, and a 65-episode series is scheduled to air starting this spring.

Mattel even got back into the video business in 1989 with the Power Glove, a remote-control unit that takes the place of a video game joystick. Featured in a theatrical film called *The Wizard*, the item was one of the hottest selling Nintendo products this past Christmas season and generated about $30 million in revenues for Mattel.

Going into 1990, Sansone says the firm will continue to emphasize its core brands while expanding into new categories on a selective basis, one at a time. As for the far future, maybe Mattel will take a cue from 1989's smash film *Back to the Future II*. In the film, a futuristic hoverboard (like a skateboard, except that it actually floats in the air) was depicted as a Mattel product. Hundreds of people inquired to find where they could buy one. The PR department's response: "We never comment on new product development, but try looking on your store shelves in the year 2000." ■



L.A.'S NOT A ONE-PAPER TOWN.

Since the unfortunate demise of the Herald Examiner, we've all heard comments that L.A. is now a one-paper town. Nothing could be further from the truth. A recent article in the *Washington Journalism Review* calls La Opinión "as important to its readers as the Los Angeles Times is to it's readers."

450,000 people can't be wrong. To find out more, call for a media kit today. (213) 745-5804.

LA OPINION

on an individual household. Voila! Accountability!

If there is safe passage through the treacherous '90s, if there is a way to secure our collective economic health in a time of moderate economic expansion, it will be on the twin paths of innovation and accountability.

The technology is here. The delivery systems — broadcast and cable networks, videocassettes and computers — are widely available. And the ideas are here. Each has a built-in mechanism which allows the advertiser to measure the effectiveness of his advertising.

These mechanisms, in turn, have the potential to challenge and to change the way we think about the creative product. For the "science" of good media and the art of good advertising are both ultimately measured by the same yardstick: what will work.

As we enter 1990, media accountability is less an issue than an idea. When we exit the '90s into the next millennium, accountability may well be the price of entry. ■

TELEVISION

Zandra Sommer

Vice president, media director, West & Company, Tampa, Fla.

WATCHING WORKING WOMEN

With the release of the 1990 census, the working woman aged 25-54 will clearly be in the limelight. She dominates the census growth statistics. Significant growth among any segment in the past decade, which only experienced a 10% population increase, means economic opportunity. The number of working women 25-54 in that period, meanwhile, has increased a staggering 46% (see Chart 1).

CHART 1

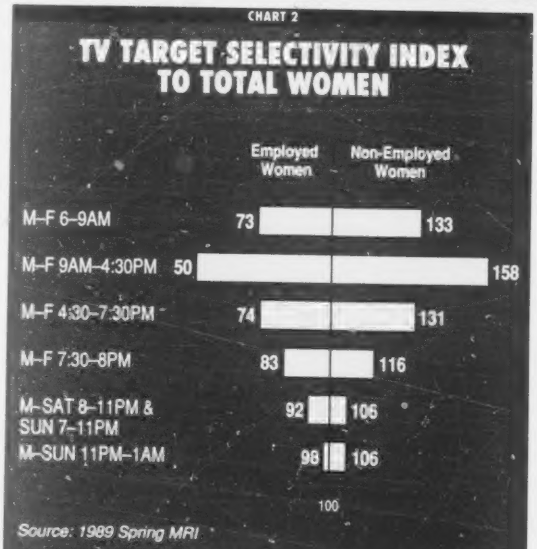
WORKING WOMEN IN THE '80s

	1980	1990 (est)	% Change
Total Employed Women (000)	44,823	54,650	+22.7%
Employed Women by Age			
(25-54)	27,474	40,235	+46.4%
(25-34)	12,112	16,368	+35.1%
(35-44)	8,446	14,692	+74.0%
(45-54)	6,916	9,175	+32.7%

Source: American Demographics, January 1990.

CHART 2

TV TARGET SELECTIVITY INDEX TO TOTAL WOMEN



Source: 1989 Spring MRI

INDEX OF VIEWING BY DAY OF WEEK/ WORKING WOMEN

Monday	104
Tuesday	103
Wednesday	97
Thursday	101
Friday	89
Saturday	90
Sunday	115

Source: Nielsen, November 1989, people meters, prime time.

Because of such startling growth, television, which may remain a marketer's dream for reaching the younger non-working woman or woman 55+, may become a media planner's nightmare in the 1990s when targeting their working sisters.

If you have a retail client, you find that the relative inefficiency of television to reach working women is compounded by this category's traditional approach to the medium. The majority of television dollars for retail are concentrated on Thursday and Friday. Higher demand results in higher prices per commercial message. These higher costs per unit become more dramatic compared to actual television by day of the week for working women. Friday, the highest in demand for television inventory, is the lowest in viewership by working women. So, it's a costly price we pay for tradition.

Finding ourselves in just that dilemma, we were faced with a directive from a retail client to increase not only sales but market share and profitability. Within our competitive set, broadcast spending had increased 79% in just the past three years. Our broadcast share-of-voice had declined. New market entries were on the horizon. Spending more money was not the answer. Communication was the key. But what would be the medium and the message?

We needed to understand the values of our target consumer, not only what motivated her to shop and choose a retailer, but how she felt about herself and her relationships. Through extensive qualitative research, all indications were that price would continue to be one of the factors that motivates the working woman to choose one retail establishment over another. She had a positive image of herself, however, and that translated to being a "smart shopper." She believed there was only a minor difference in pricing between one retail chain and another. Therefore, the combination of convenience, quality and service rated more highly in her decision than price. Still in all, choosing where to shop was fairly low in terms of what she considered to be important home-making decisions.

The working woman is highly aspirational. She values her relationship with her family, friends and co-workers and seeks enjoyment in her life, not only for herself but for those she loves. One of the highest motivational factors for the working woman was what she perceived to be the quality of her time. We were asking her to devote her energies towards seeing, listening or reading our communications message in a hectic, time-precious environment.

By recognizing the emotional dynamics of our target consumer, a major shift in spending and focus was recommended. Although traditional price-item would continue to play a part, it was directed towards the non-working woman. Working closely with the creative department, a targeted lifestyle campaign was developed. Target rating points were sacrificed for communication. Sixty-second units (only 2% of today's tv commercial messages) were recommended in combination with the traditional 30-second units to breakthrough the commercial clutter for increased impact. And 50% of the target communication was in prime time — the least cost-efficient arena but one that offered highly targeted programing, such as *Murphy Brown* and *thirtysomething*. Prior to placement, dailies and rough-cuts were rushed to the agency in order for the media-buying staff to gauge the creative for more effective placement in their markets.

The campaign was launched and the criticism from the press and agency executives began, "Sure it's pretty stuff, but can it make the cash register ring?" One year later, double-digit sales gains answered with a loud, "Yes!" Television can effectively communicate to working women and may be the best price-point in today's retail marketplace. You just have to know your market's minds and hearts. ■

MAGAZINES

Dan Charnas

Vice president,
associate media director,
FCB/Leber Katz Partners,
New York

EDITORIAL DIRECTION

It happens every Thursday at 9:30 A.M. at Howard, Fine and Howard, the agency which employs a certain assistant planner by the name of Aileen, who, you may recall, has had close encounters of the dubious kind with Cliff Griff and the Salesman from Hell on the Hakes Flakes account. It is the traditional, somewhat ceremonious departmental presentation, where various vendors are invited to ply their wares to a gathering of media's finest.

At HF&H, it is the responsibility of Don Churlish, Aileen's associate media director, to orchestrate these presentations, lining them up months in advance, ensuring that the slide projector slides and the VCR rewinds. He has also become a master procurer of sumptuous breakfasts for his department, boldly advising salespeople that if they bring the danish, he'll bring the bodies.

On this particular Thursday morning, Aileen wanders into Don's office while he puts the finishing touches on yet another recommendation for Hake Flakes Cereal to sponsor the 13th remake of *A Star is Born*, featuring Cyndi Lauper and Billy Idol.

"Who's coming in this morning, Don?"

"This one is guaranteed to forever change your perceptions about the newsweekly magazine category," noted Don. "*Emit Magazine* is going to demonstrate the different CPMs produced using SMRB, MRI and Monroe Mendelsohn across the primary target audiences for all of our clients! I can't wait to see how *Emit* compares to *U.S. Report & Global News* on SMRB data for 'women 45-49 with husbands with a cholesterol count of 230-249 who eat fish at least twice a week.' "

Aileen smiled weakly. "Sounds great, Don."

"What's the matter? Don't you think you'll learn something from this that you could apply to your accounts?"

"Don, may I close the door for a minute?"

"Sure, but let's not be too long. *Emit* will be here any minute and I have to help them set up."

Aileen nudged the door a little too hard, and it slammed shut. "I want you to know, Don, that I think I speak for all of us when I say we *live* for your Thursday morning breakfast bashes. I mean it's not every manager who goes out of his way to feed us bagels and brioches while we absorb CPM and circulation comparisons. But we are hoping to get a little more from these meetings."

"What do you mean?"

"Many of the presentations don't focus enough on the editorial product. If I need a CPM comparison, I know how to get one. More often than not, I don't have enough time to read three of four issues of every magazine under consideration for a campaign. If I'm expected to make qualitative comparisons between magazines, or if I'm supposed to assess relevant positioning opportunities for my clients, then I need to be up to date on the content of the publication."

"What about all the seven-minute videocassette productions about editorial that you've seen in these weekly congregations?"

"Well, some of them have been very good, but others have been antiseptic. The most interesting ones have featured the editors articulating their product. The only problem with having the editors on videocassette is that it is difficult to ask them questions."

"Frankly, Aileen, I haven't been

TOOLS OF THE TRADE

by Wally Wood

THE PRINT-PLUS PAYOFF

The evidence is piling up from the Netherlands, Italy, Canada, Great Britian and, most recently, West Germany: Campaigns that employ both television and print media advertisements are more effective than either television or print alone. True, the media environments in these countries are different from ours, as well as from each other, and critics may question methodologies. But all the studies point the same way.

One of the most comprehensive studies, "Media Mix and Advertising Effectiveness," comes from Axel Springer Verlag, the Hamburg-based publisher. Rolf Speetzen, ASV's international research officer, recently came to the U.S. to share the results.

Axel Springer previously had surveyed 246 German brands to establish advertising effectiveness (*M&MD*, February 1987, p. 130). For the current study, they looked at 43 of these brands — those that spent DM 1 million or more during the survey period (January 1986-May 1987) and spent at least 20% of the budget in either television or radio. The print/tv mix ranged from 75/25 to 24/76.

Their findings: The brands reached 22.9% of all consumers exclusively through print, 29.4% exclusively through television, and 39.7% through a combination of both. Neither print nor tv were able to reach 8.3% of consumers (although some might have been reached through radio).

Reach is one thing; what about impact? Axel Springer tested three advertising effectiveness criteria: unaided brand awareness, aided brand awareness and potential buyers. The unaided brand awareness scores were, in virtually all cases, much higher among consumers who had been exposed to a mix of television and print (see table). As the report concludes, "The highest effectiveness levels are scored among people who were exposed to a mix of media." In addition, "among people who can be reached mainly or solely through television, only a very high dosage of contacts shows an adequate effectiveness level."

MIXED MEDIA AND UNAIDED BRAND AWARENESS
INDEX: SCORE FOR NO EXPOSURES =100 (=25.7%)

	PRINT		TV only		Mix Print & TV	
	Awareness % of All Consumers	INDEX	Awareness % of All Consumers	INDEX	Awareness % of All Consumers	INDEX
1-12 Exposures	4.5%	144	15.4%	91	23.7%	139
13-24 Exposures	30.8	181	21.2	125	31.5	185
25+ Exposures	32.6	192	32.4	191	40.7	239
All Contacts	27.5	162	19.9	117	30.9	182

Source: Axel Springer Verlag

A recent study of 43 German brands shows, predictably, that unaided brand awareness rises with each exposure to advertising. But the print/tv mix index rises much more rapidly than either print or television alone.

Bill Landgraf, director of media planning at Kraft General Foods, says the findings are "another indication that a media mix makes more and more sense. The nay-sayers might argue that German television is a different situation: Media patterns aren't like ours, commercial television has certain restrictions, etc. But so what? I think the concept is right — a media mix, or synergy or a multiplier are all telling me the same thing."

A Canadian study, "The Multiplier Effect," a joint research venture of McLean-Hunter, *Reader's Digest*, Telemedia Publishing and MacLaren: Lintas, looked at four different campaigns. It concludes that "adding magazines to a schedule contributes more than adding more television."

For example, if "tv without print" is indexed at 100, the main message for a Kraft Miracle Whip Light campaign of "tv with print" is 118 for the "light and healthy" main message, and 126 for the "taste" main message.

Another British study, "Multiplying the Media Effect 2," commissioned by the Press Research Council, looked at 12 cases, ranging from Peugeot to Sarsons Pickling Vinegar. The report concludes, "Print can lead people to perceive the tv commercial in new ways and can also convey new information that is not in the tv commercial. The result of adding print to a tv campaign is a richer, more complete communication."

This study looked at both newspaper and color supplement advertising, as well as magazine ads. "Although there are undoubtedly differences in the ways different kinds of publications communicate, the distinctions are small compared with the major differences between print and television."

Marian G. Confer, vice president and research director of the Magazine Publishers of America, says they are testing three female-oriented brands in the field to see how the media mix affects advertising effectiveness. They hope to have the results by the end of March.

Confer says that the studies are so interesting, "we're trying to get together a meeting in London this spring to share what we've been doing. Since there is so much interest in global marketing, there may be one global methodology — the best of the best — to do this research." ■

POINT/COUNTERPOINT/

MAKING THE GRADE

KGF'S ASSIGNMENT TO EXCEL

Kraft General Foods is to be commended for restructuring the individual divisions' media departments into a well-defined, functionally focused "Media Services Department" (see February '90, pg. 20). While KGF agencies might blanch at the tighter reins, we anticipate a rapid recognition and acceptance of its positive elements.

It's likely that the KGF media services department will be well-run due to several factors:

- It was constructed by two leading marketing and media minds: Jim Morgan and Dave Braun.
- The unit will report to a senior marketing executive, Eric Strobel, formerly of Kraft's Refrigerated Products Group. Strobel's strong marketing background will help to bridge any gap between the line marketing groups and the staff media function.
- The corporations merging their know-how, experience and personnel are formidable in the marketplace.
- KGF has structured the new media unit in the interests of more effective media planning and buying, not as a cost-saving move.

The KGF media department appears to be starting off on the right foot geographically. By assigning the KGF planners to the location housing their brand management counterparts, the media group is easing channels of communication. While the KGF planners are not substitutes for the advertising agencies' media planners, they can reinforce agency recommendations. At the same time, the KGF planners working closely with client brand management can help translate marketing goals into media terms.

The KGF buying group has been centralized in White Plains, a logical choice since this group interfaces with the AOR agencies. This group's job is to help set standards of buying, quantitatively and qualitatively, and ensure that brands of all divisions are treated equitably. Once buys are made, the KGF buying unit oversees the individual agency's stewardship of the activity. I assume this includes supervising the duplication and shipping of commercials — coordinating with agency traffic departments and the print production houses used by KGF.

Procedures would have to be established to maintain corporate inventory and to allow for transfer of announcements across brands when needed and beneficial. The design, review and analysis of post-buy reports would be in the purview of the KGF buying group. Such review allows the corporation to assess the buying performance of its several agencies.

An argument could be made against the expressed intent of KGF to assign AOR responsibilities to its various agencies based on the quality of each agency's planning. After all, the disciplines germane to effective planning differ substantially from those necessary for efficient, effective buying. But such a position, I believe, fails to recognize the players. Each of the KGF agencies is a major professional organization that has already exhibited its ability to perform as agency of record. Kraft General Foods is very much aware of the qualifications of its several agencies. KGF is not about to dole out AOR assignments to any agency lacking the ability to discharge the negotiating, buying and stewarding responsibilities professionally and effectively.

It is encouraging that a leading organization like Kraft General Foods is willing to award responsibilities (and income) to its agencies based on performance or standards of excellence. Such a commitment should serve as a motivation for the agencies to reach new heights in innovative, creative media planning. It should spur a healthy competition among KGF agencies with the client benefitting from the extra efforts.

KGF agencies should welcome a grading system as the client's open assessment of their work. The media services department can help to open channels of communication, set standards for planning and buying excellence and develop an even greater appreciation by KGF for the contributions made by its agencies' media departments.

Art Heller is executive vice president, media-programing-marketing services, at Griffin Bacal, New York.

OUR READERS TELL US . . .

Research USA, Chicago, reports that while a majority of agency respondents say their clients *do* have a media staff involved in media plan development, few of those clients give out grades when reviewing the plans. The six that get grades are evenly split on whether it makes a difference in the resource. They apply towards media planning for the client.

1. Do you have any clients with a corporate media staff involved in media plan development?

Yes	60.8%
No	39.2%

Base = 97

2. If "yes," how are they involved (check all that apply)?

POLL

THE HIDDEN DANGERS

As a member of the media community for over 18 years, how could I not applaud Kraft General Foods' new media structure? Recognizing the importance of both the planning and buying functions, KGF is doing more than paying lip service. It is proactively putting a system in place that will monitor activity, take advantage of combined programs to gain greater efficiencies, utilize cross promotions where appropriate and insure that all planning and buying meets corporate standards. Hooray!

But KGF must be careful, because even as it moves in the right direction towards better media value and control, there are hidden dangers that could be counterproductive to its intent. These dangers cover three areas that could suffer as a result of a seemingly over-structured, over-qualified and over-controlled approach to planning and buying. They are:

- Forcing number comparisons that don't always reveal the best plan, because the process may not allow for "creative input."
- Creating a system that may be more in tune with getting a good grade than in producing good work.
- Encouraging short-term results that may inhibit long-term relationships.

To the first point — in large, multi-agency relationships, the various agencies are supposed to be cooperative, not competitive. The agencies' goals should be to find ways to get the client a competitive edge in the marketplace. They should spend their energies on this, not competing against one another. Granted we all want to shine in multi-agency comparisons, but our focus should be on the client's business, not on winning competitions.

In KGF's new structure, both planning and buying are being viewed as a science, as a function that can easily be quantified. Although we have a lot of tools at our disposal and countless computer programs that spit out thousands of numbers by the minute, they mean nothing without an understanding of the consumer and how he/she uses or thinks about the product.

When every element of the media plan, both quantitative and qualitative, is reduced to a number, the entire strategy suffers, which produces the second danger area: a system that is more in tune with getting a good grade than in producing good work.

To be able to compare the plans across many agencies the grading system will need to be somewhat standard and therefore somewhat inflexible. There's certainly nothing wrong with accountability, but eventually the agencies will figure out the "system" and begin writing plans in order to get the best grade (which may or may not produce the best plans).

Look at the kind of advertising that currently gets produced when clients judge creative by recall scores. Agencies know how to write commercials that recall well, but what do they have to sacrifice in creativity? This will be further compounded by the fact that the planning grades will be tied to AOR assignments. I'd be willing to bet that a lot of opportunities will get passed up because the planners won't know how to fit them into the system.

And, this really brings up the third danger. When AOR assignments are consistently reviewed and changes occur with some degree of frequency, it is difficult for an agency to develop an on-going relationship with the media. Short-term emphasis on delivering the lowest CPM does not encourage buys that deliver beyond mere numbers. When an agency develops long-term AOR relationships, the media knows that their long-term business will be dependent on consistently delivering quality buys, impeccable service and merchandising ideas that enhance the basic buy.

Over the years, personal relationships also develop that enable the agency to get the "first" call for opportunistic deals. These relationships are critical, but they take time to develop and they must be nurtured.

I learned long ago in this business that if "you live by the numbers, you can also die by the numbers." As KGF embarks in its new direction, it must be aware of the dangers along the way.

Cheryl Kroyer is senior vice president, media director at Della Femina McNamee, Pittsburgh, Pa.

Set planning goals such as audience targets and cost objectives	49.2%
Work with agency and brand management to develop plans, including the selection of media	50.8%
Review and comment on plans	89.8%
Approve plans	69.5%

Base = 59

3. If corporate media is involved, who has line approval?

Corporate media	49.1%
Brand management	43.6%
Other	10.9%

Base = 55

4. Does the client use a formal grading system when evaluating plans?

Yes	10.5%
No	89.5%

Base = 57

ECONOMIC EYE

VCRs ON THE RISE

According to Nielsen, 66.9% of all U.S. tv homes now have VCRs. Two Alaska cities, Anchorage and Fairbanks, have the highest VCR penetration, 82.6% and 82%, respectively. Three California markets, Sacramento/Stockton/Modesto (77.6%), San Francisco/Oakland/San Jose (75.8%) and San Diego (75.5%), round out the top five.

MAGAZINE AD SCORECARD

MAGAZINE AD SCORECARD	Ad Pages Jan. 1990	% change from Jan. 1989	Dollars spent (000)	% change from Jan. 1989
1. Skin care, Creams, Lotions and Oils	199.16	-8.3	8,547.9	1.6
2. Lip and Eye Beauty Products	36.47	-38.2	1,850.2	-16.0
3. Scents and Fragrances	54.59	107.1	1,533.7	121.6
4. Facial Makeup Products	40.0	-20.9	1,615.1	-13.9
5. Prepared Dinners and Entrees (including pizzas)	59.82	186.4	4,026.6	151.8
6. Liquor	204.9	-5.0	8,528.6	-7.5
7. Cigarettes	449.37	-21.1	24,490.4	-22.4
8. Soaps and Detergents	32.8	112.4	2,033.3	95.7
9. Passenger Cars, Domestic	466.17	-24.1	25,521.2	-19.6
10. Passenger Cars, Imported	639.63	30.1	29,612.9	22.5

Source: Publishers Information Bureau as prepared by Leading National Advertisers.

MEDIA COST INDEX

(The Media Cost Index is based on unit costs, which are the end product of circulation audience and CPM adjustments. They do not represent the efficiency of a given medium, only the out-of-pocket costts.)

1985 = 100 ← 1989 →

	Apr.	% change	May	% change	June	% change	July	% change	Aug.	% change	Sep.	% change	Oct.	% change	Nov.	% change
Network TV																
Daytime	72	–7	67	–12	63	–14	71	–11	67	–9	76	-48	80	-28	82	+3
Nighttime	112	+13	127	+16	112	-8	125	+14	135	+14	120	+2	119	+19	124	+10
Spot TV																
Prime time	131	+5	126	+0.3	131	+5	132	+7	134	+7	117	-15	116	-9	128	+23
Daytime	100	+5	101	–1	93	–0.2	107	+0.2	99	-1	94	-11	94	-12	98	-5
Network radio	128	+10	131	+13	126	+8	121	+19	127	+15	127	+14	142	+8	139	+11
Spot radio	–	–	–	–	118	+17	–	–	–	–	112	+7	–	–	–	–
Consumer magazines	122	+6	122	+6	123	+7	123	+7	123	+8	124	+7	123	+7	123	+5
Natl. Sunday magazines	129	+10	130	+12	130	+12	130	+12	141	+10	141	+10	141	+10	141	+10
Business publications	119	+2	123	+6	123	+6	123	+6	123	+6	123	+6	123	+6	123	+6
Newspapers	132	+6	131	+6	131	+6	131	+6	131	+6	131	+6	131	+6	131	+6
Outdoor	132	+8	132	+8	132	+8	132	+8	132	+8	132	+8	132	+8	132	+8

Notes: Percentage shown is relative change from the same month/period the year before.
*Revised

Sources:

Nighttime Network TV- Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service.

Daytime Network TV- Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service.

Network Radio- Cost per average 30-second radio announcement from BAR's Network Radio Service.

Consumer Magazines estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn.

National Sunday Mags estimate based on published (rate cards) costs of a page, four-color in the national entries.

Daily Newspapers estimate based on Newspaper Advertising Bureau report of SRDS costs per column inch of a sample of 784 newspapers weighted to represent the universe.

Outdoor Posters based on estimate prepared by Institute of Outdoor Advertising.

Spot Radio index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

Business Publications estimates based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications.

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MARKETING & MEDIA DECISIONS
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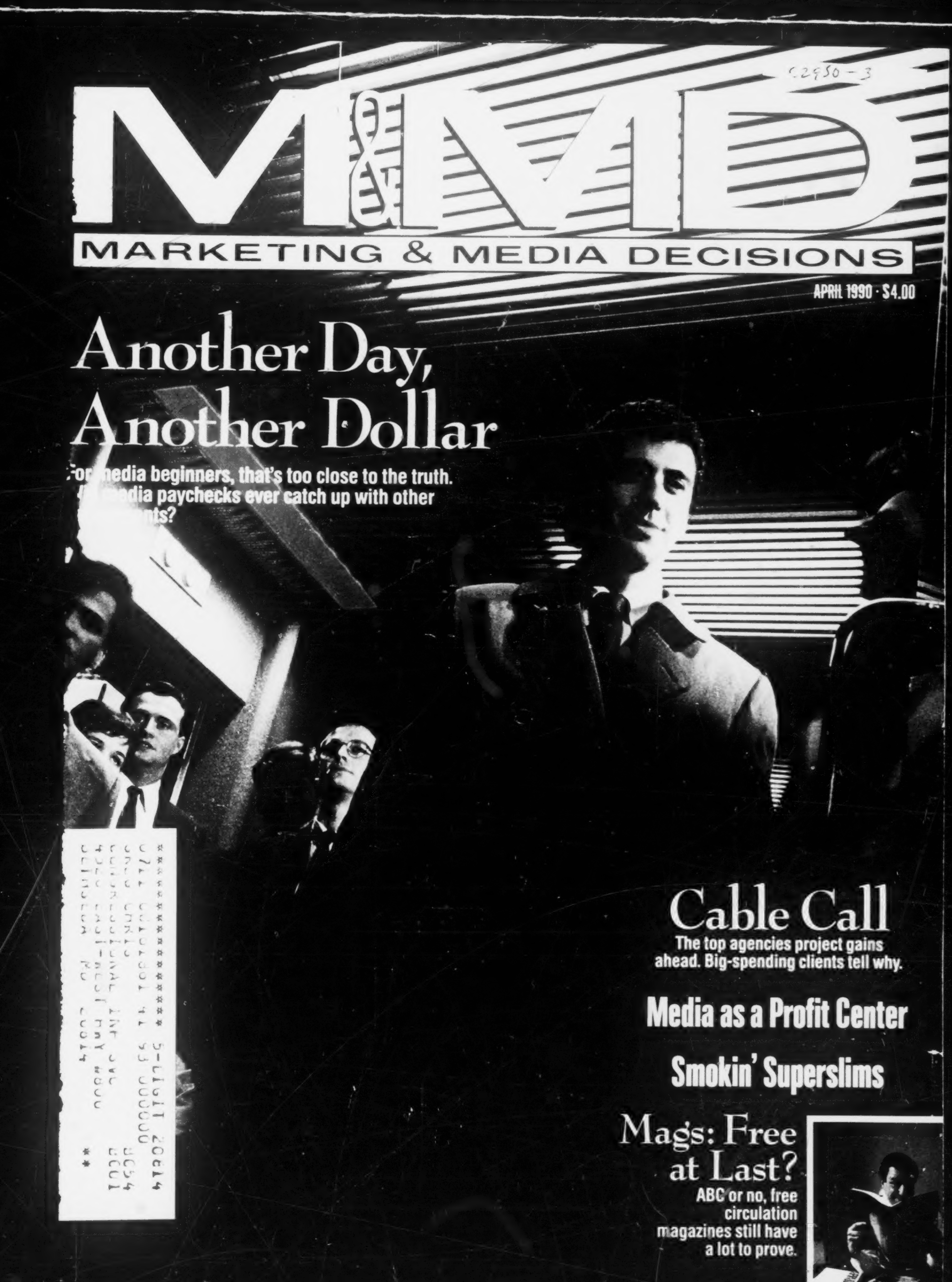

Another Day, Another Dollar

For media beginners, that's too close to the truth. [illegible] media paychecks ever catch up with other [illegible]nts?

Cable Call

The top agencies project gains ahead. Big-spending clients tell why.

Media as a Profit Center

Smokin' Superslims

Mags: Free at Last?

ABC or no, free circulation magazines still have a lot to prove.

************* 5-DIGIT 20814
0722 [illegible] 93 000000
CHRIS [illegible]
CONGRESSIONAL INF SVC
4520 EAST-WEST HWY #800
BETHESDA MD 20814 **

DEPARTMENTS

LETTERS 6

Readers face off in a local-sports debate, and a high-tech option based on frequent purchases is introduced.

PROFILES 8

Angus Twombly is Times-Mirror's new multi-media man, and Linda Urben succeeds Douglas Ritter as AT&T's corporate broadcast buyer.

DEBUT 14

Two new titles in the women's market mean business as they set out to help the working woman: *Family Circle*'s *Now* and *Entrepreneurial Woman*.

NEWS BEAT: MAGAZINES 15

The MPA and the electronic media kit . . . Chrysler signs Select; *Newsweek* thinks selectively . . . Home decor galore . . . Molto buono, *Bon Appetit* . . . Changes at *Cooks* . . . McMagazines.

NEWS BEAT: NEWSPAPERS 17

Suburban shopping spree . . . Five major dailies stir up an entertaining option . . . National business still in a slump . . . Fighting local options to keep up the classified.

BUSINESS-TO-BUSINESS 20

Financial magazines launched in the go-go years of the eighties find their days may be numbered as a once-bull market continues to pull in its horns.

NEWS BEAT: MEDIA DEPARTMENTS 21

Our poll . . . Saatchi's new cross-media team . . . Cadwell-Davis goes home again . . . Shalek faces Fox . . . Other moves.

NEWS BEAT: BROADCAST 79

Will sports keep scoring? . . . Fall plans . . . Dollars up . . . Radio review . . . Talkin' about a maestro.

SALES PROMOTION 81

CBS and K mart took the top Reggie award for 1989 with an integrated campaign that tied the stores to the network's new season. Here's all of this year's top ten.

TOOLS OF THE TRADE 84

Data on Hispanic viewing is notoriously unreliable, but a new Nielsen test holds the promise of change.

NEWS BEAT: CABLE 85

Introducing the upfront sell . . . Profiles of some pitch plans . . . Comedic timing . . . News bites.

ECONOMIC EYE 87

Our Media Cost Index closes 1989 with increases that range from 0.8% for daytime tv to a high of +12% for nighttime. Also, our magazine category review.

THE LAST WORD 88

Newly niche-conscious retailers are demanding that media deliver not only the message, but the target.

BRAND REPORT:
Credit Cards

Even gold and platinum can tarnish as the credit-card market searches for new selling angles.

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FEATURES

CONSUMER MAGAZINES:

Free at Last? 25

The Audit Bureau of Circulations' verification system for free-circulation magazines may give the freebies new respectability, but many buyers and publishers still doubt you get something for nothing.

Where the Bucks Are 30

The pay stinks — that's a given when you start in the media department. But then what? This look up the ladder finds the prospects improving as media struggles for parity with other agency disciplines.

Media as a Profit Center 37

Agencies large and small are giving media management the go-ahead to sell the department's skills to non-clients — and even other agencies. Can the media department become a profit center?

Slims' Grand Slam 41

Virginia Slims Superslims sashayed into a hostile marketplace and burnt a hole in its rival's market share. Such is the power of its parent, Philip Morris.

ANNUAL REPORT:

Cable Call 46

Cable, broadcast — it's all tv. So say advertisers and agencies as they rethink their tv buys, often to cable's gain. Here's the clients' thinking; our annual ranking of the top 20 agencies by cable investments; percentages of their tv billings in cable; a three-year tracking of the agencies' projected and actual cable billings; and a three-year look at the clients' cable investment patterns.

AS THEY SEE IT

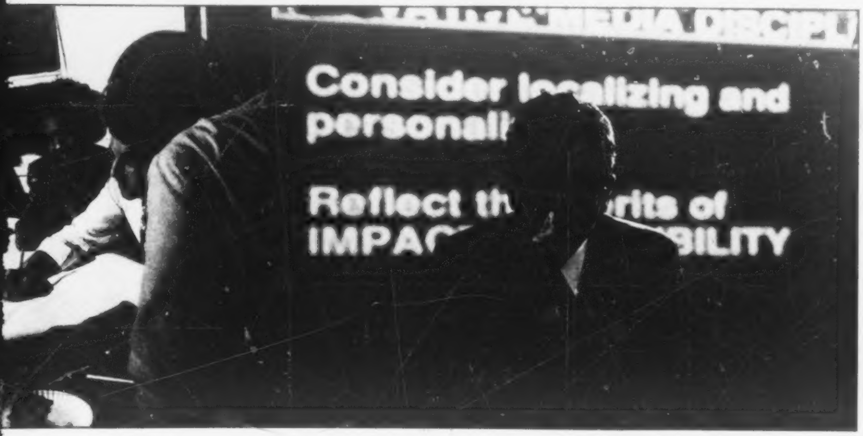
MEDIOLOGY Erica Gruen 67
Alternative media are exciting, but are they a good deal? Here's a checklist to measure their worth.

CABLE Gerald Eilers 68
How local cable, often overlooked, solved one imported beer's problems.

TELEVISION William Melnick 68
Phone companies are likely to break into program distribution, ringing in huge changes.

RADIO Mike Gross 69
Which medium offers planners the best creative possibilities? This buyer converts to radio.

OUTDOOR Richard Briggs 70
One of New York's most popular outdoor ads ends a 40-year run.



MMD
MARKETING & MEDIA DECISIONS
Cable Call

Cover: Lintas wakes up. Photography by John Stuart.

WHERE THE BUCKS ARE

by Joe Mandese

For beginners, they certainly aren't in media. The dollars rise quickly, however, with the right skills, the right moves — and the right agency.

The young copywriter has assembled a hot book, a mantel's worth of creative awards and a fat, six-figure salary. Then there's the young hot-shot AE who produces the new business lead that lands both her and her agency on Easy Street. Such are tales that ad legends — and fortunes — are made of.

Media is not the stuff of legends. Few people ever hear about the young planner who slogs through the numbers to save his client thousands or even millions of dollars. And what about the broadcast buyer who stretches that plan even further by shaving fractions of cents off the CPMs? Nice job, good going, now back to work — all for a pittance.

"The psychology is that these people are overhead," explains Jerry Fields, whose New York City-based recruiting firm places executives in all agency departments. "And even though they are very important in terms of the profitability of an account, they are

John Stuart

treated like clerks or secretaries."

Actually, they are sometimes treated worse. With few exceptions, entry-level salaries for media recruits at major shops are lower than what an agency would pay for a secretary, ranging from a low of $14,000 to a high of $20,000. Salaries, for account executive trainees, for instance, can be $7,000-$10,000 higher than in media.

Well, nobody said the advertising business was fair, but guess what? It seems to be getting a bit more so. Although salaries for

As media people begin their long day at Lintas, they can take comfort in higher entry-level pay and salary reviews every six months.

JWT media director Richard Kostyra made pay-day happier for some by tying salaries more closely to experience.

Bard Martin

Progress is one thing, parity another. Media's starting salaries still trail account services by $7,000 to $10,000.

media executives whether beginners or veterans still generally lag their peers in creative and account management, the gap has narrowed considerably, according to executive recruiters and media management. And while entry-level salaries in the media department remain meager, the disparity between media and other departments diminishes substantially by middle management and all but disappears when you get to the top.

That's small comfort for an assistant planner at a major agency, who's struggling to live on $14,000 a year and sharing the elevator with a creative peer pulling down ten times that amount. But that planner should stick it out — he or she could conceivably make that kind of money, albeit in ten years. Or sooner. Media these days is creating its own hot-shots, who have accelerated their career growth through a combination of brains, good instincts and being in the right place at the right time. Fast-trackers in their early 30s like Wells Rich Greene's media director Steve Farella reportedly are pushing the envelope of media compensation well into the six-figure range. And at the furthest end of the salary spectrum, there are heads of major agency media operations who are said to be making in excess of $400,000.

While these salary spreads reflect the extremes of media department compensation, average salaries appear to be growing at a faster rate for media than for other parts of the agency in a game of catch-up. Since 1982, when *Adweek* magazine began reporting department averages in its annual salary survey, compensation levels have grown 66% for media (to $42,800 in 1989), compared to 65% for creative ($50,500) and only 30% for account management ($45,900). (Average salaries may actually be lower than industry norms, because the survey reportedly is skewed toward smaller agencies.)

Spurred on by client concerns regarding the quality of their media plans and buys, agency management finally seems to be answering the department's call for more resources. The media department received only 4% of the average agency's income compared to 14% each for the creative and account management departments when the American Association of Advertising Agencies published its guidebook to cost

Media Department Salary Ranges by Selected Titles

Assistant Planner/Buyer*: $14,000 - 20,000
Planner (one-years of experience): $20,000 - 25,000
Planner (two-years): $23,000 - 28,000
Planner (three-years): $28,000 - 35,000
Supervisor: $30,000 - 50,000
Associate Media Director: $40,000 - 75,000
Group Media Director (at a major agency): $75,000 - 100,000
Media Director (small agency): $40,000 - 75,000
Media Director (large agency): $75,000 - 150,000
Big-name talent at media director or head of department level: $200,000 - 400,000

Source: M&MD survey of media management and executive recruiters.

** Buyers salaries plateau internally, but can jump in large increments through job changes. Upper range is $100,000 for a non-department head at a major agency.*

control and profit responsibility in 1979. R.L. Sachs Management Consultants president Raymond Sachs, who authored that section, updates those figures today at 5% for media, spread among far fewer people (thanks to computers, et al). Account management now receives 12% and creative, 11%. Since salaries represent the primary expense of each department, Sachs says this indicates a gain in media department compensation. Moreover, he notes that as agencies grow in size, so does the media department's share of gross income.

"As an agency grows, account group and creative percentages seem to decrease, but the one percentage that seems to increase is media," says Sachs. "Among the largest agencies, media is about 6.4% of gross income. Going down to agencies $150 million-$200 million it is about 6.3%, and for agencies at $20 million-$40 million, it is only 5.6%."

While these numbers indicate that a greater share of agency resources are being sent media's way, in general, media still suffers in the eyes of those who have to make those allocations work. "It's criminal what media department salaries are, relative to the kind of work we are asking people to do," says Backer Spielvogel Bates senior vice president and group media director Ann Meschery. "We're all talking about how much more complicated media is and how much more professional media people have to be to deal with this complex environment, but how can media management retain quality media people when we pay them such crappy salaries?"

"It's a holdover," admits Meschery's boss, BSB vice chairman and director of media services Steve Leff. "It's almost a historical circumstance that arose around the fact that media was the least understood function by agency management and clients." Leff sees that mindset changing as "the relationships between marketing and media have been extended and extolled."

Leo Burnett historically has started media and AE trainees at the same level. In fact, its AEs must first go through its media-training program. The agency claims that its entry-level media salaries are 50% greater than the industry norm, which puts them in the $21,000-$30,000 range.

Happily, other shops are following their lead. Simmy Sussman, president of the executive recruiting firm that bears her name, says that most big agencies recently raised their starting salaries 15%-20%. Among them:

- J. Walter Thompson recently brought its entry-level media salaries in line with account services, but only when all other factors, including education and previous work experience, are equal.
- At Lintas, "effective March 1, I raised my starting pay to $18,000 a year from $15,000, which is far higher than the 4As average," discloses Lintas executive vice president and director of media services Lou Schultze. "We have a program every six months where there is an automatic raise for entry-level people following a performance review. So at the end of two years, the worst they will be making is $26,000."
- And at Young & Rubicam, "I've raised the entry-level considerably," claims the agency's executive vice president and director of communications services, Gary Pranzo. "There's still a great disparity, but at least I'm getting them to the point where they're making liveable salaries, which they weren't a couple of years ago." Y&R now pays $17,000 to start, up from $15,000.

Sussman points out that some of these numbers can be "deceptive," because, as in the case with Y&R, they eliminated overtime pay to accomodate it. But, ultimately, she says the elimination of overtime is a positive for the industry, because it makes young media executives feel more like professionals than wage-earners.

It also by-passes a tricky compensation issue. "Let's say they brought in a planner and paid them $14,000. And then they paid them overtime of about $3,000-$4,000, so they're really making about $18,000." The problem, she says, is that when some agencies would promote their assistant planners to planners, they would lose their overtime and "you would have assistant planners making more than planners, because of the overtime."

Despite any gains, media managers say it is the discrepancy between media and account services entry-level credentials that accounts for the continuing differences in their starting salaries. "In most instances, you have entry-level people in the media department with a baccalaureate degree and entry-level people in account management tend to have masters degrees," explains Joe Ostrow, executive vice president and corporate media director of Foote, Cone & Belding. He adds that this starting differential is offset by faster rates of growth in media. "People move up faster, and the compensation level grows a lot more quickly, both in absolute and proportionate terms," he adds.

"Media professionals tend to have a lad-

The 1980's: Average Salary Growth by Title 1981 vs. 1989

MEDIA:
Planner: 99.2%
Buyer: 107.8%
Media Director: 495.5%

ACCOUNT SERVICES:
Assistant Account Executive: 60.7%
Account Executive: 93.7%
Head of Account Management: 233.3%

CREATIVE:
Copywriter: 193.5%
Art Director: 151.8%
Head of Creative: 328%

Source: A/S/M Communications Inc.

Distribution of Gross Agency Income by Department:

	1979	1989
Account Service:	14%	12%
Creative:	14%	11%
Media:	**4%**	**5%**
Broadcast Production:	2%	3%
Research:	1%	1%

Source: R.L. Sachs Management Consultants Inc., Minneapolis

Young hot-shots are pushing media pay well into six figures, and some veterans are earning upwards of $400,000 a year.

Paying the dues: Y&R eliminated overtime but raised beginning salaries.

Entry-level media salaries lag those of account service trainees by two years, but AEs usually come into their jobs with two years more schooling.

der with fairly short rungs," concurs Hill, Holliday, Connors, Cosmopoulos executive vice president and managing director Felice Kincannon. "You go from assistant planner to planner in six months. And then six months later, there is another step."

Consequently, media management looks on this initial period as a form of apprenticeship whereby young media recruits prove their mettle and are rewarded as they grow. The system makes good sense when you consider the amount of basic training media requires just to become conversant in media math and research. As a result, executive recruiters who place agency media executives say media recruits generally lag account executives in compensation by about two years, or about the amount of time it would take to earn a masters degree.

"If you look at somebody who is hired into account management from day one, they're going to be ahead right down the line," explains Career Projections president Kurt O'Hare, a recruiter, noting that agencies will pay up "into the upper $30s" for MBAs going into account management. "If you pick it up from the point where the media person could go into account management, then it seems comparable. The entry-level for an assistant AE position with media experience tends to pay between $23,000 and $28,000 as a rule. And if you're coming into media with 18 months or two years in the business, that's certainly what you are going to get by going to another shop."

That's a common tactic among those who've paid the dues. Agency media pros say salaries can be accelerated even more rapidly by "moving around. You'll never make a lot of money in this business, but if you change jobs a lot, you can make a decent salary," says a media supervisor at major agency who asked not to be identified. "If you stay in the same place for years, you're probably not going to do so well."

Who will and who won't depends on the corporate culture of their agency and the regard they have for media. Homegrown planners at Ogilvy & Mather reportedly can earn in the high $40s, while supervisors at BBDO can earn well into the $50s. Still, many see their career paths better served by strategic moves from agency to agency and, occasionally, *out* of an agency. Buying services, for instance, typically pay 15%-20% higher wages for comparably experienced media professionals. They often provide other forms of incentive compensation tied to their performance.

Others move to the media sales side, where salaries can grow in leaps and bounds. This career strategy is particularly common with agency media buyers, who tend to have less mobility than planners. "There are fewer levels to go through in buying, so you can rise more quickly than in planning, but it is so specialized that you tend to have less mobility," says the head of an agency buying group, who asked not to be identified. She adds that this lack of internal mobility often requires a move to another agency or media sales to break up "salary gridlock. You may hit a point where you're making about $60,000, and then it's very hard to move up."

While management appears to be getting their hands around the sensitive issue of compensation for planners and buyers, others are looking at closing the gap totally with other departments. This, they say, would be consistent with trends about the increasingly strategic role media is playing in the marketing mix. HHCC's Kincannon began such a program several years ago by incorporating non-traditional media functions, such as sales promotion and direct marketing, into her media department. As a result, she says, "Our media people are as much in the face of clients as the account people are."

DDB Needham, meanwhile, is marketing a new planning concept to clients that chairman Keith Reinhard has dubbed "personal media network." Although the concept has met with spotty acceptance from clients, it seeks to elevate the role that media plays in the account planning process by moving it ahead of creative. "Some of us have begun aggressively promoting the media function as our other creative department to help clients understand how strategic planning and the creative use of media can really bring them greater impact."

Will such thinking lead media people into the rarified ranks of the young, rich legends in other agency departments? Hardly. But the planner or buyer who once went unheralded may finally get paid his or her due. And then, who knows? ■

John Stuart

SEX LIE &

by Greg Clarkin

For buyers, the sex of cable starts with the price. The lies are some of the hype that promise more than can be delivered. And somewhere in between lie the reasons big spenders are spending bigger than ever in cable — at the other media's expense. Here are some of those reasons.

It's August of 1989 and Steve Kubinski of the Nestle Food Corporation has just issued a challenge to the four ad agencies handling the company's accounts: Find innovative ways to use cable to justify a reallocation of tv dollars there. The short-term goal is to increase the company's spending on cable until it reaches almost 25% of Nestle's entire ad budget during the next two years. Long term, he hopes to increase the efficiency and effectiveness of Nestle's spending by making cable a more dominant player in the overall mix.

That's just the kind of move that puts a chill in the hearts of non-cable media executives everywhere, particularly in broadcast tv. It is also the thinking that is keeping the flame under cable's ad growth. Nestle is just one of a host of advertisers — add Anheuser-Busch, Procter & Gamble, General Mills, Bristol-Myers Squibb and General Motors, among others, to the list — that continued to dramatically increase cable spending in 1989 despite foregone conclusions regarding reregulation and the plateauing of penetration growth.

Of the 114 parent companies tracked among this year's top 20 ad agencies' clients (see pg. 65), 55 increased their spending in 1989 by more than 20%. As for 1990, industry sources expect investments in cable to continue to outpace the other media.

At the agencies, meanwhile, planners and buyers have abandoned any perceptions of cable as an alternative medium. They instead are fine-tuning their tv thinking to determine the most effective mix of cable and broadcast. And it's cable that often gets a bigger share of the mix.

Betsy Frank, senior vice president and director of television information and new media with Saatchi & Saatchi Advertising, admits that her agency has made an effort to recommend more cable advertising in its clients' recent plans. Her motivation? "We take into account facts such as network television under-delivers in cable households, yet cable households tend to be better prospects for most of our clients' brands," Frank says.

Concerns about audience erosion, declining program quality and ever-increasing ad rates on broadcast have dramatically closed the psychological gap between the two tv options. "It's the only situation in the world where you can have your product quality diminish and your prices go up," George Hayes, senior vice president and director of media planning at McCann-Erickson Worldwide, says of network broadcast buys.

Price continues to play a big part in cable's seduction of tv buyers, both at clients and agencies. For example, an eight-spot package of 30-second units airing on the original movies on Turner Network Television (TNT) goes for $36,000, while a single 30-second spot for a top-rated show such as ABC's *Roseanne* runs near $300,000.

Less clear is how much of the increased use of cable is directly related to cable's efforts to move to the next tier in its growth plan. Cable has long boasted of its ability to deliver the most targeted of audiences. Now the medium is attempting to move beyond that with programing aimed at attracting broader audiences.

As simple as it sounds, some believe cable's hot streak with advertisers is due partly to the fact that clients and the public alike are more comfortable with it. "Advertisers are familiar with cable not only as advertisers, but as viewers," says Michael Drexler, executive vice president and national media director at Bozell Inc. That familiarity takes the perceived risk out of the buy. It's all national tv — much to the broadcast networks'

Cable in Context

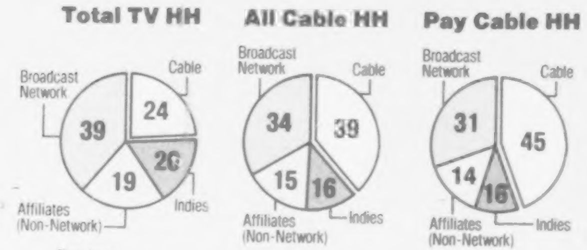
November 1989

Cable Penetration
57.8%

National Cable Ad
Revenues
(000)

1987 – $607,192,277
1988 – $752,569,768
1989 – $955,958,900

Sources:
A.C. Nielsen; Arbitron's Broadcast Advertisers Reports



	Total TV HH	All Cable HH	Pay Cable HH
Broadcast Network Affiliates ☐			
Network Dayparts			
Primetime	17%	14%	13%
Daytime	11	10	9
Early Morning	2	2	2
Late Night	3	3	3
Weekend Morning	2	2	2
Weekend Day	4	3	2
Total	39	34	31
Non-Network Dayparts ☐	19	15	14
Total Affiliates	58	49	45
Cable ☐			
Basic	17	28	27
Pay	7	11	18
Total	24	39	45
Independents ☐			
Local	14	9	10
Distant	2	2	2
Superstations	4	5	4
Total	20	16	16
Public			
Total	3	3	2

Source: CAB based on NTI Monthly Cable Status Report broadcast/cable year 1988/89 (all non-network dayparts reflect total 24-hour viewing less all network dayparts.)

Cable numbers show increased penetration, more national ad dollars and growing viewership.

dismay.

"You have to acknowledge the fact that a good portion of the money will come from network broadcast, where the bulk of the dollars are for national television," Drexler says. In fact, all of the agencies in this year's Cable Ad Scorecard say they automatically consider cable in the tv mix for every client they place in national tv.

Drexler also points out, "What we're finding is that there are advertisers who have been in national magazines who are now saying they'd like to be a little more aggressive. They are trying to find a way to use television with a limited budget, so some of the money is coming from national magazines" to fund cable efforts.

For both clients and agencies, determining just how much of the overall budget should be allocated to cable depends on what is being sold. "We treat cable as television," says Lon Bencini, director of media services at General Mills. "But we have brands that are 100% cable, brands that are 50% cable, and brands that only spend 5% against cable."

Bencini says General Mills evaluates the cable ratings with DDB Needham in Chicago and bases the increases in cable spending on those numbers. He adds that based in large part on those numbers, brands at General Mills "across the board" have benefitted from putting more ad money into cable.

Peggy Kelly, director of media programing services at Bristol-Myers Squibb, says the shares allocated to cable on her accounts vary widely.

According to Leading National Advertisers (LNA), for the first nine months of 1989, Bristol-Myers Squibb spent a low of $700 on cable advertising for its Excedrin Extra Strength Tablets to a high of $1.3 million for its Nuprin Pain Relief Formula Tablets.

Kelly says that company's increase in cable spending is due to a number of factors. "It's a combination of an increase in ratings, increase in penetration and an increase in the quality of the programing. It's just the general increase in the viability of cable in all aspects," she says.

The increase in cable spending has affected all of the brands at the company, Kelly said. "It's not a passive shift; it's a definite shift on our part. We believe the medium is exciting and growing and that there's a lot of growth potential there," she says.

The company's basic strategy, which is similar to what Kubinski at Nestle has mandated, has been to build "franchise" positions with various cable entities and secure programing, as well as price protection over the long haul. They practice what they preach: The company has been a backer of cable advertising for years and was even a charter advertiser on the Cable News Network when it launched 10 years ago. "We're seeing the advantages of taking these franchise deals," Kelly says.

The process of recommending where to buy on cable has changed in recent years, Frank says. "In the past, when the information we had on cable was limited, we were more likely to buy a certain daypart or run a schedule," she says. "Once people meters started being used and we've had better and more timely reports, we've been able to look at program-by-program information, not just in terms of age and sex, but also income, family size and other market descriptions."

DDB Needham Worldwide in Chicago offers clients use of its SmartMix formula which analyzes varying percentages of broadcast and cable buys based on dayparts. SmartMix was originally completed in the mid-1980s and has been updated since, says David Drake, senior vice president and associate director of the company's media department.

"Essentially what SmartMix proved to us was that with much higher percent mixes of cable and broadcast, you really had no loss in reach," Drake notes. "What we found out was that on a typical schedule for daytime television you could substitute as much as 50% of the broadcast weight with cable." Drake says that the study proved that once signed on to a cable service, consumers tune into programing, regardless of how it's delivered.

Drake says DDB/Chicago's theory is to "roadblock" the major cable networks. "Our approach to buying cable tends not to be in the cherrypicking of a network. We tend to buy a broad list of networks. By buying all of them at one time, what you're buying is a share of audience for a commercial that's as high as you could buy on any given broadcast network," Drake says.

Others making the buying decisions as to where to advertise on cable say that while they do offer guidelines on how much and where to buy, they're hesitant about calling them formulas. Rather, they look at each buy on a case-by-case basis.

"There's a number of factors that we take into account when we're allocating money for cable. One of them is cost, another is audience size, another is audience appeal and another is the programing environment and reach potential," says Bob Bolte, director of media services at The Clorox Company. Arbitron reports that Clorox upped its cable expenditures slightly in 1989 to $10.5 million.

One area that has begun to catch advertisers' attention is the original cable programing. While there's no arguing that much of the cable programing is still nothing but fodder, there is agreement that an effort is being made to offer higher quality movies and shows. The Entertainment and Sports Programming Network (ESPN) is offering a full slate of the top professional sports, including major-league baseball, and both TNT and the USA Network are offering original movies.

"The fact that some of the made-for-cable movies on TNT or the USA Network can get maybe not network size ratings, but certainly syndication size ratings, and then have the daily papers review them as if they were airing on ABC, CBS and NBC, is helping a lot of clients feel more comfortable about cable," Frank says.

Still, Drexler points out that it's time for cable to produce not just better programs, but bigger ratings. The original movies airing on the USA Network pull an average rating in the four-to-five-point range, while a hit such as *Roseanne* usually averages in the mid-20s. "A lot of what cable gains from the advertising side now will be due to its ability to generate higher ratings than it's been able to achieve," he says.

"There's a self-fullfilling prophecy at work here," responds Farrell Reynolds, president of Turner Broadcasting Sales. "As cable enjoys more ad support and more revenue, it's able to go out and invest that money in programing, which translates to more viewers. With those additional viewers, we're able to attract even more ad revenue to put into programing." ■

Cable and McCann: One Agency's Plan

At McCann-Erickson, broadcast television shows are rated as either acceptable, average or unacceptable based on their ability to draw a certain target audience. Each show is then indexed based on its audience composition. Cable, however, is another story.

Ann McGlinn, a media planner, says McCann doesn't index cable shows mainly because there are so many of them. Instead, McCann evaluates the specific cable networks as to what type of audience their programing can be counted on to draw. The amount targeted for cable is arrived at through input from the buying group, the planning group and the client. George Hayes, senior vice president and director of media planning at McCann, says the figure is based on judgment of where the target audience is, CPM goals and whatever cable ratings numbers are available. Once those numbers are settled on, the planning group has a better idea of how big a part cable should play in the overall plan.

Another consideration in determining cable spending is whether the target audience is better reached through cable programing than broadcast. There are no set percentages allocated when calculating this, she says; it varies on a case-by-case basis.

Numbers, instinct and the clients guide Pattison (left) and McGlinn.

Andy French

Once a specific network is chosen and a dollar figure decided on, either the media buyer or the client selects what shows to use. Jan Pattison, vice president, group network supervisor at McCann, says that there's "never a blanket answer as to where to place a commercial." Among the considerations are psychographics, demographics, CPMs and extras, such as special segments, vignettes and billboards. "It's almost like making a big pot of stew — you don't put just beef in " she says.

Each cable program is also evaluated to ensure that the commercial blends in with the show. "You wouldn't put a humorous commercial in a show that deals with nuclear proliferation or starvation in Africa," she says. As for matching product and the commercial style to age group, Pattison says, "If it's a humorous campaign and it's aimed at a young audience, then there's the MTVs of the world, as well as Nick At Nite. If there's a male requirement, then there's ESPN." For a brand that is targeting an older crowd, with a more serious campaign, Pattison says for the males you can again rely on ESPN or any other sports programing. For women, there's always the Lifetime network, which delivers the audience but low ratings. Also bringing in an older audience is Arts & Entertainment network, along with *National Geographic* on TBS and Turner's Jacques Cousteau programing. ■

Cable Ad SCORECARD

1 SAATCHI & SAATCHI ADVERTISING

Allen Banks,
Executive vice president, director of marketing services

Clients placed on national cable:

- Boehringer-Ingelheim
- Burger King
- California Almond Growers
- Campbell's V-8
- Conrays
- CPC
- Florida Dept. of Citrus
- General Mills
- HBO Video
- Helene Curtis
- Kikkoman
- Lexus
- Johnson & Johnson
- Northwest
- PaineWebber
- Philips
- Procter & Gamble
- Sara Lee (Hanes, L'eggs, Aris Isotoner, Isotoner Panty Hose)
- Squibb
- Teleline
- Thompson Medical
- Toyota
- Tyson
- Upjohn
- Yamaha

Networks used:
A&E, BET, CNN, CNN-HN, TDC, ESPN, FAM, FNN, Lifetime, MTV, Movietime, Nick, Nick-at-Nite, TNN, USA, VH-1, WTBS

Percent of tv billings in cable: 4.6%
1989 billings: $62.7 million
Projected 1990: $78.4 million

2 LINTAS:CAMPBELL-EWALD

Suzanne Shawn,
Vice president, network/new technologies

Clients placed on national cable:

- Bridgestone
- Carnation
- DBM
- General Motors
- Howard Johnson's
- IBM
- Kodak/Sterling
- Lego
- Mastercard
- Molson
- Noxell
- Princess
- Van Heusen

Networks used:
A&E, CBN, CNN, CNNHN, ESPN, FAM, FNN, MTV, Nickelodeon, TBS, TDC, TNN, TWC, USA

Percent of tv billings in cable: approximately 10%
1989 billings: $60.3 million
Projected 1990: $65 million

3 FOOTE, CONE & BELDING

Jim Cunningham,
Vice president, associate national broadcast director

Clients placed on national cable:

- Amana
- Cadbury Beverages
- California Raisins
- Celestial Seasonings
- Clorox
- Colgate
- Coors
- Epson
- Holland America Line
- H.I.S. Jeans
- Kraft
- Lennox
- Levi's
- Marriott
- Mattel
- Mazda
- MCA Home Video
- Memories
- Orion
- Ray-O-Vac
- RJR Nabisco
- S.C. Johnson
- Sunkist Growers
- Teledyne Water Pik
- Toshiba
- Zenith

Networks used:
A&E, BET, CBN, CNN, CNNHN, Comedy Channel, ESPN, FNN, Lifetime, Movietime, MTV, Nickelodeon, Nick at Nite, Sports Channel, TBS, TDC, TNN, TNT, Travel Channel, TWC, USA, VH-1

Percent of tv billings in cable: 6%
1989 billings: $57 million
Projected 1990: $60 million

Key to the Networks

A&E: Hearst/ABC Video Enterprise Alpha Repertory Television Service. Cultural programing.
BET: Black Entertainment Television. Black-oriented shows.
CNBC: Consumer News and Business Channels. Business, market and financial news.
CNN: Cable News Network. Ted Turner's all-news.
CNNHN: Cable News Network Headline News service.
COMEDY CHANNEL: Comedy sketches, movies and tv shows are featured.
DISCOVERY: See TDC.
ESPN: Entertainment and Sports Programing Network. Sports plus *Business Times*.
FAM: The Family Channel. General interest.
FNN: Financial News Network.
FNN Score: Evening sports on Financial News Network.
HTS: Home Team Sports. A regional sport network.
LEARNING CHANNEL: Educational and business programing.
LIFETIME: Women's service from Hearst/ABC/Viacom Entertainment Services.
MOVIETIME: All things Hollywood, 24 hours a day.
MSG: Madison Square Garden Sports.
MSN: Modern Satellite Network. *Home Shopping Show*.
MTV: Viacom's 24-hour rock-music channel.
NICK AT NITE: Family evening fare from Nickelodeon.
NICKELODEON: Viacom's kids channel.
SILENT: Sign-Language Entertainment. Programing for the hearing impaired in sign language, open captions and full sound.
SNN: Sports News Network. All sports, all news, all day.
SPORTS CHANNEL: Sports programing, 24 hours a day.
TDC: The Discovery Channel. Science, nature, history and exploration.
TNN: The Nashville Network. Country/Western.
TNT: Turner Network Television. General.
TWC: The Weather Channel from Landmark Comms.
UNIVISION: Spanish-language programing.
USA: USA Cable Network. General.
VH-1: Video Hits One. Adult music videos from Viacom.
WGN: Passive superstation from Chicago.
WOR: Passive superstation from New York.
WTBS: Ted Turner's WTBS-TV, Atlanta, supersation

4 DDB NEEDHAM WORLDWIDE

New York:
Bart McHugh,
Senior vice president,
director of national
radio/television
programing
Chicago:
Daniel Rank,
Vice president, director
of national television
and radio

Clients placed on national cable:
Amtrak
Audi
Colombian Coffee
Frigidaire
Frito-Lay
General Mills
GTE
H.J. Heinz
Hershey
Maybelline
Michelin
Mobil
National Dairy Board
Rubbermaid
State Farm Insurance
Universal Pictures
Volkswagon

Networks used:
A&E, BET, CBN, CNBC, CNN, CNNHN, The Comedy Channel, Discovery, Family Channel, FNN, FNN Score, The Learning Channel, Lifetime, Movietime, MTV, Nickelodeon, Nick at Nite, TBS, TDC, TNN, TWC, The Travel Channel, USA, VH-1, WGN

Percent of tv billings in cable: 20%-22%
1989 billings: $56 million
Projected 1990: $66 million

5 D'ARCY MASIUS BENTON & BOWLES

Irwin Gotlieb,
Senior vice president,
national broadcast &
programing director

Clients placed on national cable:
Brown Shoe
Conagra
Corning
Denny's
Dow Chemical
Kraft General Foods
Hampton Inns
Mars
NBC
Paramount Pictures
Procter & Gamble
UDIA
Whirlpool

Networks used:
A&E, BET, CNBC, CNN, CNNHN, Discovery, ESPN, The Family Channel, Lifetime, MTV, Nickelodeon, Nick at Nite, TBS, TNN, TNT, Univision, USA, VH-1

Percent of tv billings in cable: 6%
1989 billings: $45 million
Projected 1990: $65 million

6 GREY ADVERTISING

Jon Mandel,
Senior vice president,
director, national
broadcast

Clients placed on national cable:
Block
Capital Cities/ABC
Canon USA Inc.
Color Tile
Creamette
Fruit of the Loom
General Foods
JRAP
Kenner
Mitsubishi
National Dairy Board
Olin
Panasonic
P&G
Playtex
Quaker State
Red Lobster
Remington
Stroh
SmithKline/Beecham
Swift-Eckrich
Thompson Medical
Tonka
Upjohn
U.S. Mint
Warner Bros.
Warner Bros. Television
Warner Home Video

Networks used:
A&E, BET, CBN, CNN, CSM, Discovery, ESPN, FNN, Lifetime, Movietime, MTV, Nickelodeon, SIN, Sports Channel, TBS, TNN, TNT, TWC, USA, VH-1

Percent of tv billings in cable: 9%
1989 billings: $38.9 million
Projected 1990: $42 million

7 J. WALTER THOMPSON

Richard Kostyra,
Executive vice president,
U.S. director of media
services

Clients placed on national cable:
American Hawaii Cruise Lines
Benetton
Robert Bosch Corp.
Eastman Kodak
Fisher Price
Ford
Gerber
Goodyear
McDonnell-Douglas
Mexicana Air
Monroe Auto
N.W. Mutual
Nestle
Norfolk Southern
Orkin
Oscar Mayer
Paramount Home Video
Quaker Oats
Sterling Drug
20th Century Fox
U.S. Marine Corps.
U.S. Sprint
Walker Manufacturing
Warner Lambert

Networks used:
A&E, BET, CBN, CNBC, CNN, CNNHN, Comedy Channel, Discovery Channel, ESPN, FNN, HBO, Lifetime, MTV, Nick at Night, Nickelodeon, TNN, TNT, Travel Channel, USA, VH-1, WGN, WTBS, Weather Channel

Percent of tv billings in cable: 6%-7%
1989 billings: $35 million
Projected 1990: $40 million

8 McCANN-ERICKSON

Ira Carlin,
Executive vice president,
national media director

Clients placed on national cable:
Alaska Seafood Marketing Institute
Alaska Tourism
Atlanta Convention & Visitors Bureau
AT&T
Black & Decker
California Milk Advisory Board
Century 21
Champion/Anco
Chevron
Coca-Cola
Columbia Pictures Entertainment
Cosmair
Diversified Products
Exxon
General Motors
Georgia Pacific
Hilton Hotels
Martini & Rossi
Mennen
National Dairy Board
Nestle
Nintendo
Viadent
Washington State Apple
WD-40
Well Fargo Bank

Networks used:
A&E, BET, CBN, CNBC, CNN, Discovery, ESPN, FNN, Lifetime, Movietime, MTV, Nick at Nite, Nickelodeon, TBS, TDC, TNN, TNT, Travel Channel, TWC, USA, VH-1

Percent of tv billings in cable: 6%
1989 billings: $30.4 million
Projected 1990: $35 million

9 BBDO

Stephen Grubbs, Senior vice president, director of national tv buying

Clients placed on national cable:
Apple computers
Campbell Soup
Centel Corp.
Coldwell Banker
Delta
Dodge
Du Pont
Equitable
General Electric
HBO
Kemper
Navy
Lever Bros.
Pepsi
Pizza Hut
Polaroid
U.S. Navy
Visa
Wm. Wrigley Jr.

Networks used:
A&E, BET, CBN, CNN, ESPN, FNN, Lifetime, Movietime, MTV, Nick at Nite, TBS, TDC, TNN, TWC, USA, VH-1

Percent of tv billings in cable: 10%
1989 billings: $30 million
Projected 1990: $33 million

10 OGILVY & MATHER

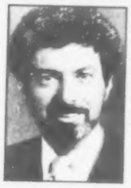
Larry Cole, Senior vice president, US media director

Clients placed on national cable:
American Express
AT&T
Campbell Soup
Compaq
Cotton
Duracell
General Foods
Hardees
Hershey
Kimberly-Clark
Mattel
MCA Records
Nutrasweet
Owens Corning
Paramount
Publishers Clearing House
Ryder
Sandoz
Seagrams Wine Cooler
Sears
Shell
Smith Barney
United Technologies

Networks used:
A&E, BET, CBN, CNN, CNNHN, ESPN, FNN, Lifetime, MTV, Nickelodeon, Nick at Nite, Silent, TBS, TDC, TNN, TNT, TWC, USA, VH-1

Percent of tv billings in cable: 4.5%
1989 billings: $28 million
Projected 1990: $40 million

11 N W AYER

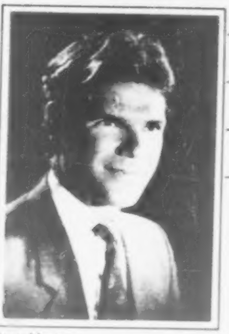


Aaron Cohen, Senior vice president, director of national broadcast programing

Clients placed on national cable:
AT&T
C.B. Fleet
Citicorp
Continental Airlines
DeBeers
Dupont
Gallo
General Motors
J.C. Penney
Nordica
Procter & Gamble

Networks used:
A&E, BET, CNBC, CNN, C-Span, Discovery, ESPN, The Family Channel, FNN, Lifetime, MTV, Nick at Nite, TBS, TNN, TNT, TWC, USA, VH-1

Percent of tv billings in cable: 5%-10%
1989 billings: $27.7 million
Projected 1990: $30.5 million



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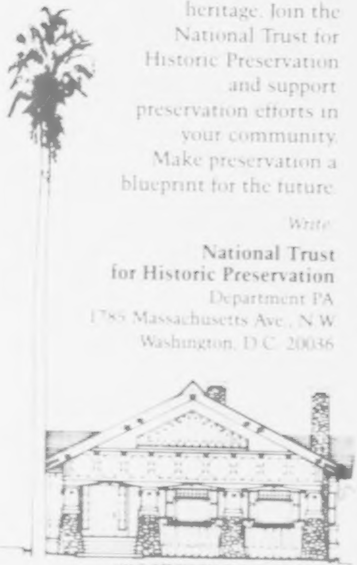

PRESERVATION
PLAN ON IT

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1785 Massachusetts Ave., N.W.
Washington, D.C. 20036

HANCHETT RESIDENCE PARK, SAN JOSE, CA

12 **YOUNG & RUBICAM**

Paul Isacsson,
Executive vice president,
broadcast programing
and purchasing

Clients placed on national cable:

Adidas
AT&T
Arthur Andersen
Borden
Brach's Candy
Chevron
CIBA-Geigy
Clorox
Colgate-Palmolive
Dannon
Dr Pepper
Du Pont
First Brands
Goodyear
Heublein
Hillshire Farms
Holiday Inn
Jamaica Tourist Bureau
Jenn-Air
Johnson & Johnson
Kentucky Fried Chicken
Kodak
Lincoln-Mercury Division
Mead
Met Life
Mylanta
NYNEX
Olympic Stain/Paint
Revlon
Richardson-Vicks
Sun Diamond
Suzuki
TWA
UNISYS
U.S. Army
U.S. Postal Service
Warner-Lambert

Networks used:
A&E, BET, CBN, CNBC, CNN, CNNHN, C-Span, ESPN, FNN, Lifetime, MTV, Nickelodeon, Sports Channel, TBS, TDC, TNN, TWC, Univision, USA, VH-1

Percent of tv billings in cable: 10%
1989 billings: $27.5 million
Projected 1990: $38 million

13 **BACKER SPIELVOGEL BATES**

William P. Croasdale,
Senior vice president
director radio television
programing

Clients placed on national cable:

Carter Wallace
CBS
Castle & Cooke
Hyundai
KalKan
M&M Mars
Miller Brewing
Philips Consumer Electronics
The Prudential
Prudential Bache
Quaker Oats
Uncle Ben's
Wendy's
Xerox

Networks used:
A&E, CBN, CNN, Discovery, ESPN, FNN, Lifetime, MTV, Nickelodeon, TBS, TNN, TNT, TWC, USA

Percent of tv billings in cable: 4.5%
1989 billings: $21.4 million
Projected 1990: $25.6 million

14 **LEO BURNETT**

Bob Brennan,
Vice president,
media director

Clients placed on national cable:

Allstate
Amurol
BASF
Black & Decker
Clarion
First Brands
Heinz
Kellogg
Kraft
McDonald's
Mrs. Smith Pies
Noxell
Oldsmobile
Pillsbury
Procter & Gamble
Richardson-Vicks
Samsonite
Seven Up USA
Starkist
Tropicana
United Airlines

Networks used:
A&E, BET, CBN, CNN, CNNHN, ESPN, FNN, Lifetime, MTV, Nickelodeon, TBS, TDC, TNN, TWC, USA, VH-1

Percent of tv billings in cable: 4%
1989 billings: $21 million
Projected 1990: $25-30 million

15 **CAMPBELL-MITHUN-ESTY**

Media directors
left to right:
Chuck Abrams,
Earl Herzog, Ro
Paschke, Tom
Winner

Clients placed on national cable:

Aer Lingus
Andersen
Campbell Hausfeld
Chrysler
Corona
Kimberly-Clark
Minolta
Texaco
3M
Trane
The Travelers

Networks used:
A&E, CNBC, CNN, ESPN, Discovery, Family, FNN, Lifetime, Nick at Nite, SNN, SportsChannel, TBS, TNN, TNT, TWC, USA, VH-1

Percent of tv billings in cable: 4%
1989 billings: $21 million
Projected 1990: $22 million

16 **BOZELL**

Bruce Heim,
Vice president,
director, network
operations

Clients placed on national cable:

Ace Hardware
American Airlines
Benckiser
Chrysler Corporate
Chrysler, Dodge Import, Plymouth
Faberge
Kawasaki
Long John Silver
Lorimar
Merrill Lynch
Minolta
National Presto
Sega of America
Valvoline
Vice-Grip Tools
Warner Bros

Networks used:
A&E, CBN, CNN, ESPN, FNN, Lifetime, MTV, Nickelodeon, TBS, TDC, TNN, TWC, USA, VH-1

Percent of tv billings in cable: 18%-20%
1989 billings: $17.6 million
Projected 1990: $19.8 million

17 **WARWICK, BAKER & FIORE INC.**

John J. Meskil,
Executive vice president,
media

Clients placed on national cable:

Benjamin Moore
CPC International
Crafted with Pride in the USA Council
Fruit of the Loom Inc. (BVD)
Heineken
Schering-Plough
Sterling Drug
Van Munsling Co.

Networks used:
A&E, CNN, CNNHN, Discovery, ESPN, Family Channel, Lifetime, MTV, TBS, TNN, TWC, USA

Percent of tv billings in cable: 18%
1989 billings: $10.2 million
Projected 1990: $12 million

18 CHIAT/DAY/MOJO

Annette Cerbone, Vice president, director of national television/radio

Clients placed on national cable:
American Express Gold Card
Arrow Shirts
Australian Tourist Commission
Bissel
Dep
Mitsubishi Electronics
New York Life
Nissan Motor Corp.
Qantas
Reebok
Royal Caribbean Cruise Line
Kitchens of Sara Lee
3M

Networks used:
A&E, CNN, Discovery, ESPN, Lifetime, MTV, Nickelodeon, TBS, TNT, USA, VH-1

Percent of tv billings in cable: 9%
1989 billings: $9 million
Projected 1990: $12 million

19 LOWE MARSCHALK

Estie Todman, Vice president, national broadcast

Clients placed on national cable:
Bertolli
Braun (Gillette)
Coca-Cola
DEP
Johnson and Johnson
Mennen
New Zealand Tourist
Olympus
RJR Nabisco

Networks used:
A&E, CNN, ESPN, MTV, Nickelodeon, Lifetime, TBS, TDC, Travel Channel, USA

Percent of tv billings in cable: 7%-10%
1989 billings: $8.1 million
Projected 1990: $8.1 million

20 LAURENCE, CHARLES, FREE & LAWSON

Janice C. Clements, Executive vice president, director of media services

Clients placed on national cable:
EconoLodges
Gorton's
Thompson Medical

Networks used:
A&E, BET, CBN, CNN, ESPN, Lifetime, TDC, TNN, USA, VH-1

Percent of tv billings in cable: 3.5%
1989 billings: $8 million
Projected 1990: $4 million

THE TRACK RECORD
Agency Projected and Actual Billings, 1987-1990

Agency	1987		1988		1989		1990
	Projected	Actual	Projected	Actual	Projected	Actual	Projected
Saatchi & Saatchi	$1[illegible] million	Saatchi & Saatchi $1[illegible] million	$34.4 million	$43.5 million	$51.8 million	$62.7 million	$78.4 million
DFS Dorland	$19.5						
Campbell-Ewald	[illegible]	NL	NL	Lintas: Campbell-Ewald $20.9	$5[illegible]	$6[illegible]	$65
Lintas: USA	NL	[illegible]	$12				
Foote, Cone & Belding	$38	$34	$39	$47	$50	$5[illegible]	$60
DDB Needham	$32	$30.8	$41	$42	$48	$56	$66
D'Arcy, Masius Benton & Bowles	$26.1	$22	$24	$28	$38	$45	$65
Grey	$29	$26.4	$28	$36	$38	$38.9	$42
J. Walter Thompson	$27	$24	$30	$35	$40	$35	$40
McCann-Erickson	$13	$16.[illegible]	$19	$20.2	$25.5	$30.6	$35
BBDO	$27	$26	$30	$30	$33	$33	$42
Ogilvy & Mather	$19.5	$21	$25	$25	$30	$28	$40
NW Ayer	$17	$15	$23	$24.1	$26.[illegible]	$27.[illegible]	$30.5
Young & Rubicam	$47	$43.[illegible]	$44.6	$33.6	$35.[illegible]	$27.5	$38
Ted Bates	$30	Backer Spielvogel Bates $14	$15.5	$15.5	$21.4	$21.4	$25.6
Backer Spielvogel	NL						
Leo Burnett	$13-15	$15	$15-18	$18.4	$16-20	$21	$25-30
William Esty	$10	$ 9.2	$10.1	Campbell-Mithun-Esty $24.1	$27.[illegible]	$21	$22
Campbell-Mithun	NL	NL	NL				
Bozell	$12.5	$10.5	$15	$15.2	$16.8	$17.6	$19.8
Warwick Baker & Fiore Inc.	NL	$ 5	$10	$ 8	$10	$10.2	$12
Chiat/Day/Mojo	NL	NL	NL	$ 9	$10	$ 9	$12
Lowe Marschalk	NL	NL	NL	$ 8.1	$10.2	$ 8.1	$ 8.1
Laurence, Charles, Free & Lawson	NL	$12	$15	$12	$14	$ 8	$ 4

Source: *M&MD* surveys, 1986-1990. NL = Not listed

THE SPENDER SCORECARD

Selective cable spending for 1987, 1988, 1989 [000] for clients of Top 20 agencies.

SPENDER	1987	1988	1989
Ace Hardware	596.8	594.8	573.2
American Telephone & Telegraph	—	7,772.4	6,559.3
American Airlines	809.1	642.8	310.1
Andersen	1.3	113.7	12.3
Ashland Oil Inc.	740.9	40.3	413.5
BASF	371.0	797.2	1,519.3
Benckiser	nl	nl	819.2
Black & Decker	423.7	298.8	647.7
Robert Bosch Corp.	123.2	143.2	328.0
Cadbury Schweppes/ Cadbury beverages	183.9	402.5	252.0
California Raisins	517.7	540.4	803.8
Carter Wallace	302.3	856.8	507.1
Castle & Cooke	188.0	8.2	153.5
CBS	174.6	557.7	1,341.7
Chevron	168.4	3.2	360.4
Chrysler Corporate	6,683.8	9,699.9	11,765.3
Citicorp	395.1	1,779.9	2,155.5
Clorox	6,894.2	10,125.6	10,540.7
Coca-Cola	8,766.0	4,589.0	4,216.9
Colgate Palmolive	341.5	858.1	1,862.3
Conagra	—	—	135.6
Coors	1,283.5	4,326.7	3,512.4
Corning	88.8	102.4	37.6
Cosmair	—	—	157.1
CPC International	2.0	310.3	2,848.5
Crafted with Pride in the USA Council	48.4	155.0	182.7
De Beers	35.6	154.2	274.5*
Diversified Products	—	—	1.5
Dow Chemical	1,326.8	5,766.0	7,606.5
Dupont	1,186.7	1,104.7	1,801.0
Eastman Kodak	2,553.4	11,386.5	10,707.2
Econo Lodge	268.7	19.8	304.3
Electrolux	579.9	1,609.8	1,731.5
Exxon	1,004.4	248.5	1,499.6
Farley Ind.	98.0	1,441.4	1,798.9
First Brands	818.3	195.7	476.6
Ford Motor Co.	—	6,267.1	7,252.9
Gallo E & J Winery	308.3	387.3	212.5
General Electric	389.5	1,290.3	2,322.7
General Mills	18,581.8	20,010.6	21,305.3
General Motors	7,967.5	9,200.8	21,039.2
Georgia Pacific	—	1,273.0	2,317.9
Gerber	261.1	269.4	263.3
Goodyear	307.0	873.5	1,021.8
GTE	492.2	516.4	235.5
Gulf & Western	1,943.1	2,588.7	nl
Heinz HJ Co.	2,127.8	3,241.2	3,789.5
Hershey	2,105.4	2,775.3	3,305.9
Hilton Hotels	569.6	170.3	330.1
Holiday Corp.	1,761.5	951.8	2,576.9
Hyundai	—	479.0	933.2
Interlego/Lego Systems AG ('89) Lego	20.9	38.4	122.5
International Business Machine Corps. (IBM)	472.2	154.3	707.9
International Telephone & Telegraph (ITT)	1,036.8	533.9	1,759.3
Jericho Inc.	463.6	—	725.6
John Hancock	163.6	—	23.1
Johnson S.C. & Sons	877.8	1,925.2	3,168.9
Kawaksi	330.3	1,722.4	1,560.2
Kellogg	4,495.6	4,008.0	4,125.4
Kimberly-Clark	696.2	476.7	438.0
Labatt's Beer	634.0	405.8	199.4
Lennox International Inc.	—	—	174.1
Levi Strauss Assoc. Inc.	3,815.7	7,055.0	9,472.7
Lorimar	415.3	420.2	nl
Marriott	105.8	51.0	1,550.5
Mars Inc.	14,876.6	9,994.7	13,984.3
MasterCard	412.1	710.0	1,666.8
Mattel	2,234.6	1,925.9	4,006.2
Mazda	3,082.6	2,406.9	2,614.5
MCA	3,611.7	3,678.2	4,460.8
McDonald's	1,819.5	1,791.2	7,222.7
McDonnel-Douglas	208.9	107.5	141.2
Mennen	1,354.8	756.9	440.6
Mercedes-Benz of North America	—	—	1,512.5
Merrill-Lynch	293.5	678.8	2,328.8
Metropolitan Life	1,672.6	557.0	1,887.6
Century 21	24.8	34.1	1,046.4
Michelin	558.1	571.7	733.8
Minolta	579.7	817.2	954.8
Mobil	1,247.5	990.3	1,945.2
Molson	—	—	57.0
National Federation/Coffee Growers/Columbia	626.0	176.3	210.8
National Presto	406.6	727.6	804.3
Nestle	3,846.7	5,023.2	514.1
News Corp. LTD	2,508.9	3,513.2	2,610.4
20th Century Fox	964.9	1,849.6	846.5*
Nintendo	1,678.0	1,627.6	2,287.9
Orion	1,303.4	1,932.5	1,724.9
Penney J.C. Co.	2,847.1	2,619.6	1,133.7
Pepsico	3,742.2	4,707.0	9,741.0
Frito-Lay	266.6	522.7	2,401.1
Philip Morris	20,522.2	23,075.1	20,503.6
General Foods	2,058.8	2,197.2	715.9
Kraft General Foods	nl	3,307.9	2,568.0
Miller Brewing	89.6	5,133.1	2,587.2
Oscar Mayer	1,128.9	1,403.8	547.7
Philips NV Gloer-lampenfabreiken	1,723.0	1,282.9	658.8*
Pitney Bowes	700.7	1,528.6	422.9
Prime Motors Inns	187.2	192.3	338.0
Procter & Gamble	23,712.8	30,201.5	37,363.4
The Prudential	3,807.5	3,557.7	4,450.2
Quaker Oats	3,156.1	4,031.9	4,325.8
Ray-O-Vac	215.1	193.6	17.5
RJR Nabisco	14,688.2	14,251.9	14,426.1*
Rollins	535.3	600.0	603.4
Rubbermaid	376.5	2.9	1,324.6
Schering-Plough	2,870.3	6,137.0	6,570.6
Sears	2,327.4	4,650.7	13,344.1
Seven Up USA	828.0	682.1	1,900.1
State Farm Insurance	315.9	518.3	797.7
Sunkist Growers	106.0	77.5	96.7
Teledyne Water Pik	1,347.2	796.2	1,486.7
Tenneco Inc.	51.2	321.8	247.5
Texas Air Corp.	151.5	188.4	334.2
Thompson Medical	8,373.5	7,000.4	6,194.4
Tonka	1,491.4	2,840.7	4,300.0
Travelers Corp. (The Traveler)	879.4	1,933.0	1,065.6
TW Service Inc.	—	84.2	166.5
U.S. Marine Corps.	319.3	553.9	756.1
Vipont	—	404.4	676.3
Volkswagenwerk AG	1,332.2	1,658.0	4,390.9
Wang	64.9	300.0	262.1
Warner Communications	3,001.5	2,740.2	3,113.2*
Warner Lambert	2,122.9	3,340.2	3,895.8
Washington State Apple	—	116.1	209.6
Wellcome Foundation LTD	333.4	975.6	2,008.9
Wells Fargo	352.6	222.1	317.5
Wendy's	143.0	902.4	2,744.1
Whirlpool	4.1	1,276.0	355.5
Xerox	396.1	399.0	55.2
Zenith	195.4	130.6	150.1

* Jan.-Sept. 1989

Source: Arbitron's Broadcast Advertisers Reports

Charged Up

by Brian Bagot

It used to be that walking around with a roll of cash in your pocket meant you were a big shot. But cash lost its cachet as Americans converted to the tempting convenience — interest rates be damned — of credit cards. For years, the untapped potential was so great that the big three — Visa, MasterCard and American Express — could all stay pretty satisfied just acquiring new card holders.

But that's gone the way of the cash roll as a status symbol. There are almost 250 million bank and charge cards in circulation, and most wallets offer a healthy range of choices. "It's not enough to get the card out into people's hands the way it was ten-15 years ago," says Kurt T. Peters, editor of *Credit Card News*. "It's really [a matter of] getting people to use the card, and not just *a* card, but *your* card."

To command user loyalty, the cards are charging onto the battlefield with an array of incentives: purchase protection, extended warranties, cash dividends, even frequent flier miles and donations to your favorite charity. And in a maturing market, the big three are moving onto the ground traditionally held by their competitors. Visa and MasterCard have introduced gold cards, with higher annual fees, while American Express has introduced the Optima card, which charges interest to roll over payments to the following month.

"The marketing strategies between charge cards and bank cards are getting a little bit blurred," says Bill Henneberry, chairman and chief executive officer of Communications Diversified, a full-service promotional marketing company in New York. "Each of the groups is looking at the other as if their grass is greener."

Together the big three account for approximately 70% of all charge volume, according to the *Wall Street Journal*. Visa's share of domestic charge volume is estimated at

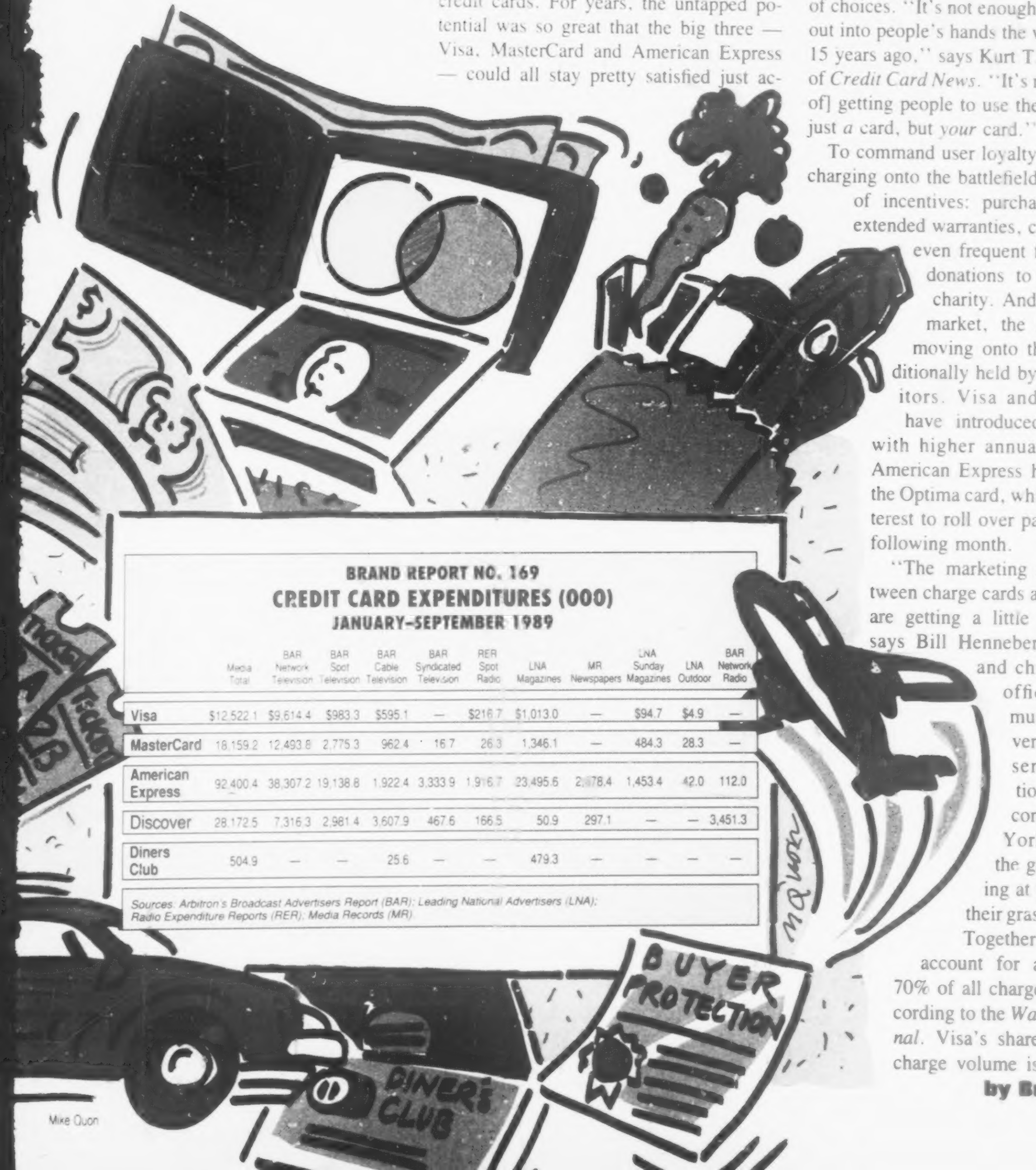
BRAND REPORT NO. 169

CREDIT CARD EXPENDITURES (000)

JANUARY–SEPTEMBER 1989

	Media Total	BAR Network Television	BAR Spot Television	BAR Cable Television	BAR Syndicated Television	RER Spot Radio	LNA Magazines	MR Newspapers	LNA Sunday Magazines	LNA Outdoor	BAR Network Radio
Visa	$12,522.1	$9,614.4	$983.3	$595.1	—	$216.7	$1,013.0	—	$94.7	$4.9	—
MasterCard	18,159.2	12,493.8	2,775.3	962.4	16.7	26.3	1,346.1	—	484.3	28.3	—
American Express	92,400.4	38,307.2	19,138.8	1,922.4	3,333.9	1,916.7	23,495.6	2,[illegible]78.4	1,453.4	42.0	112.0
Discover	28,172.5	7,316.3	2,981.4	3,607.9	467.6	166.5	50.9	297.1	—	—	3,451.3
Diners Club	504.9	—	—	25.6	—	—	479.3	—	—	—	—

Sources: Arbitron's Broadcast Advertisers Report (BAR); Leading National Advertisers (LNA); Radio Expenditure Reports (RER); Media Records (MR).



Mike Quon

32%, compared to 21% for MasterCard and 17% for American Express. Discover has carved out a 3% share since its introduction in 1986, and the original charge card, Diner's Club, holds onto its 1% by targeting business travelers.

American Express started the enhancement war in 1987 with its popular purchase protection plan, which insures for 30 days anything purchased with the American Express card. Then it extended its collision coverage on rental cars, a gold-card benefit, to its green card. Visa and MasterCard matched those benefits by introducing extras-laden gold versions of their regular cards, which have had the effect of diluting the image of gold cards.

Once considered a privilege of the super-rich, gold cards have become a mass product. Dave L. Roberts, director of advertising for Visa USA, shifted out of print to network tv for gold cards in 1988. "That's a response to competitive changes in the marketplace," says Roberts. "The gold customer is not the elite, upscale traveler, the top 5% of the country. They're the top third of the country, and those people watch a lot of television."

Offering gold cards with enhancements has helped Visa and MasterCard get a piece of the business and travel market dominated by American Express, according to Joanne Black of Joanne Black & Associates, a New York based marketing and communications service. The airline cards offering frequent-flier miles "were the first real breakthrough in getting some of the loyal affluent users to use Visa and MasterCard more often. The usage pattern used to be American Express for travel and entertainment, particularly business T&E, and that's being eaten away."

The target audience for the card advertising is quite broad: male and female, aged 18-54. The biggest spender is American Express, which has turned on the heat to advertise its purchase protection plan on the green card. American Express is also the recognized leader in credit-card snob appeal. It gives "privileges" to its "cardmembers," who find themselves in the same club with celebrities such as Paul Newman, James Michener and Ella Fitzgerald.

The bank cards' frequent-flier ties changed the way the cards were viewed.

American Express laid out $92.4 million in the first nine months of 1989, compared with $76.4 million for the same period in 1988, according to Leading National Advertisers (LNA). The hike in American Express spending grew the category's advertising to $149.6 million in the first nine months of '89, compared with $132.7 million in the first nine months of 1988.

Visa and MasterCard don't actually issue the cards that carry their name, but serve as a cooperative linking service to the issuing banks. Their ad support is much lower than American Express, with Visa spending $12.5 million in the first nine months and MasterCard spending $18.2 million on tv, print and radio campaigns.

But some merchants prefer these cards because the fees are lower and the payments faster, and so they don't accept American Express. Visa has made this the focal point of its advertising, which profiles often glamourous establishments around the world and ends with the line: "They don't take American Express."

MasterCard is taking a more down-home approach with phase two of its "Master the Moment" campaign. Instead of depicting a wild fantasy life filled with jets and casinos, MasterCard's new ads involve real-life situations, such as buying an engagement ring, moving into a first apartment and a proud father dropping his daughter off at college. "These are people who consider themselves honest, hardworking Americans who pay their bills on time," explains Keith Kendrick, senior vice president of marketing for MasterCard. "They need a card in an emergency and use it occasionally for a touch of fun." Welcome to the responsible '90s.

BUYER
PROTECTION

AmEx's purchase protection plan was the first shot in the enhancement war.

The banks who issue the cards benefit from the blanket support, then add their own efforts. Their marketing used to center on price — low interest rates or no annual fee — but benefits and services are becoming more important. Affinity cards, for example, allow consumers to get benefits for themselves or an organization they favor every time they use their card. For example, The International Fund for Animal Welfare or another worthy organization gets a small percentage of the charges made on a card that bears its name. Consumers can rack up frequent-flier miles by using The American Airlines Advantage card from Citibank. And AT&T is launching its own Visa/MasterCard credit cards, which would combine billing for credit-card calls with regular charges, according to the *Wall Street Journal*.

The affinity cards have two advantages for the issuing bank: They reduce the cost of finding new customers, and they increase usage since the customers have an interest in putting their business on that card. The affinity-card business currently makes up about 6%-7% of the cards out there, according to Henneberry.

Following is a closer look at what the leading bank- and charge-card companies are doing to turn plastic back into cash.

Visa USA

Visa is the leader in the credit-card business, with U.S. card volume hitting $130 billion in 1989, according to *Credit Card News*. With 120 million cards in the U.S. and 200 million worldwide, Visa prides itself on being the most widely used and accepted card. "Our whole thesis is, it's not how long you've had the card that's important, it's where you can use it," says John H. Bennett, senior vice president of consumer marketing for Visa USA.

Consumer advertising positions Visa as a "must have" card by profiling restaurants, hotels and shops around the world that end with the clincher: "They don't take American Express." The theme is carried over into its event marketing, such as its support of the 1988 Olympics and the Super Bowl tickets that could only be purchased with cash, checks or Visa/MasterCard — not American Express.

Visa signed former Beatle Paul McCartney last year to do a commercial that was broadcast in conjunction with his tour. (Tickets could not be purchased with American Express.) Bennett says it's not a celebrity endorsement, but rather a part of its event marketing. "We make the event the hero rather than the person talking about our product," says Bennett. "Consumers can use the Visa card to attend the event, and it helps them have a good time. That's what we're really saying."

Visa's advertising on its basic "classic" card is aimed at the 25-54 year-old with a household income of $25,000-plus. "The message is really broadly based [for the brand] and broadly communicated," says Bennett. The schedule skews towards a male audience, with tv sports buys that include basketball, skiing, college and NFL football, tennis tournaments, as well as *David Letterman*, *The Tonight Show* and *Nightline*.

Its gold campaign targets the same age group, but with a higher household income of $35,000-plus. Gold gets some of the same buys as the classic, but also goes on shows such as *This Week with David Brinkley*, *60 Minutes* and *NBC News at Sunrise*. "The gold card gets the early, early morning news, Sunday afternoon current events programs and topical news event programming," explains Dave L. Roberts, director of advertising for Visa USA.

Visa. The exclusive credit card of the U.S. Ski Team.

VISA

It's Everywhere You Want To Be

Going to a Visa event? Make sure you don't leave your Visa card at home — they will not take AmEx.

Television ad spending for the classic Visa card in the first nine months of 1989 was $2.5 million, while the gold card topped $8.8 million, according to LNA. Classic card ads from BBDO New York run in a wide range of magazines, including *People*, *Newsweek*, *Sports Illustrated*, *Life*, *GQ*, *Vogue* and *House Beautiful*, supported by $1 million in the first nine months. Print spending on the gold card was miniscule.

Visa won a Reggie for its "Our Treat" promotion which ran during the fourth quarter. (See "Sales Promotion," page 81.) Both network and spot radio were used for a five-week campaign in top Visa markets to tune consumers into Visa's "Our Treat" promotion.

Although the big radio spending period was not covered by LNA and RER, spot radio spending during the first three quarters of last year was about $2 million. The radio programing was adult contemporary and nostalgia, according to Roberts. "We found it to be very successful. We had quite a few of the radio stations help with in-market promotions on the air and DJ's visiting shopping centers," Says Roberts. "We got a lot of extra mileage in an effort to get the Visa message closer to the point of sale."

MasterCard

MasterCard has come 180 degrees from traditional credit card advertising, which trades on fantasy. Instead of stars, MasterCard now shows "real people" using the card at landmarks in their life — engagement, moving into a first apartment, sending the kids off to college.

This is in contrast to the other leaders in the business, who create senarios that few can actually live out. "Mainstream is not as much an economic or geographic destination as it is a state of mind, and that's where we've targeted this product," says Kendrick of MasterCard, which had $84 million in charge volume last year. "It's very different than Visa, where a couple jets off to Australia, or the AmEx work with Paul Newman. Not many people live that way."

The thrust of the campaign from Lintas USA is built on the line: "For the way we really live." Illustrating that all too clearly is a new gold card enhancement called Master the Road Assist, which is being touted in print ads. If a gold card holder's car breaks down for whatever reason, MasterCard will dispatch a towing service, at generally below market rates, and usually within 30 minutes, all to be charged on the card. "So you don't have to worry about cash and negotiating with the guy. We've got 5,000 providers under contract coast to coast," says Kendrick.

Television flights for the standard card appear on early news, *Today* show and popular early evening prime-time network programs, while the gold, targeting a slightly older demo of 25-45 year olds with $35,000-plus household income, is on shows such as *60 Minutes*, *Nightline* and *CNN Headline News*. Network tv expenditures for the first nine months last year were $12.5 million, according to LNA.

Print for the "Road Assist" campaign was in the newsweeklies and national newspapers. Last year's nine-month print bill totaled just under $2 million, according to LNA, with titles such as *Bon Appetit*, *BusinessWeek* and *Esquire* supporting the

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BOOKS

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*Source for Readership Data: A.C.M.S. [illegible] Complete copy of "Readers in Business" available upon request
**Paid Circulation: ABC Statement 12/31/89

MasterCard gold puts all the pieces together for "real people."

gold card, and *Inc.*, *Nation's Business*, *People*, *Savvy Woman* and *Parade* for the standard card.

Radio was used to support promotions, which included a 21st Century contest and announcements of new enhancements for the gold card. Again targeting the slightly older group, drive-time news spots were bought on a mix of talk stations and stations with a heavier emphasis on news.

American Express

With Visa and MasterCard moving into gold cards and services, American Express is adding benefits while spending heavily to promote them and build image. Its ad budget for the first nine months of 1989 was a whopping $92.4 million, more than double Visa and MasterCard combined.

Each of American Express' cards — Optima, green, gold and platinum — offer the same basic services, such as purchase protection, buyer assurance and 24-hour customer service. The Optima card, designed for people who want to rollover their payments, is a companion card for the basic green.

As a member goes up the ladder of premium cards, benefits are added. Gold and platinum card holders, for instance, get a year-end summary of card expenditures broken into categories. American Express buys blocks of tickets in order to offer its gold and platinum card members preferential seating to such events as the Ella Fitzgerald tribute at Avery Fisher Hall, theater performances and sporting events.

At the platinum level, the card company will help cardholders locate hard-to-find things through "worldwide personal assistance." If a traveller leaves something behind, American Express will retrieve it. There's a list of big "little" services that are exclusive to the platinum card member, whose annual fee is $300.

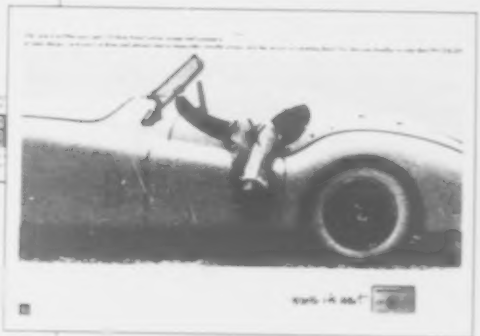
Advertising for the gold card is done by Chiat/Day/Mojo, with the bulk going to tv ($62.6 million) and print ($27.6 million) during the nine-month period covered by LNA. Green card advertising is split between image-oriented ads and more practical product benefit advertising. In "portraits," well-known cardmembers reveal how long they've been a part of the "club." More practical ads spell out the advantages of purchase protection as products go haywire or get stolen. Gold card ads combine the service and image message in one ad. Television is used for all the cards except platinum.

Some magazines, such as American Express' own *Travel & Leisure*, are appropriate for both the green and the gold cards. But the gold card also runs in select editions of *Time* targeted to the upscale demo, and in business books such as *Fortune*, *Forbes*, *Business Week* and *Black Enterprise*. "We cover the business segment, and we really make sure we have a presence in there," says Richard O'Connell, management supervisor at Chiat/Day/Mojo. To complement the special-events program, gold advertising goes into *Playbill*, *San Francisco Performing Arts* and other theater guides. It also goes into upscale regional books. "Gold card is much more heavied up in certain key markets like New York, Texas, Los Angeles," says O'Connell.

Television for gold includes sports to target the upscale male, as well as news and prime time. American Express spent about $7.5 million on spot tv for the gold card, and $306,000 on cable, according to LNA.

Print used by the green card includes mass magazines such as *Life*, *Newsweek*, *Time*, *People*, and *Sports Illustrated*, along with tonier titles like *Metropolitan Home*, *New Yorker*, *Esquire* and *Town & Country*. The green card was also a major advertiser of last year's *Time* "Man of the Decade" issue, which featured Soviet President Mikhail S. Gorbachev. American Express bought the inside cover and some ten pages inside around the Gorbachev feature.

The platinum card, meanwhile, is a private party and by invitation only. There's no advertising — only direct mail.



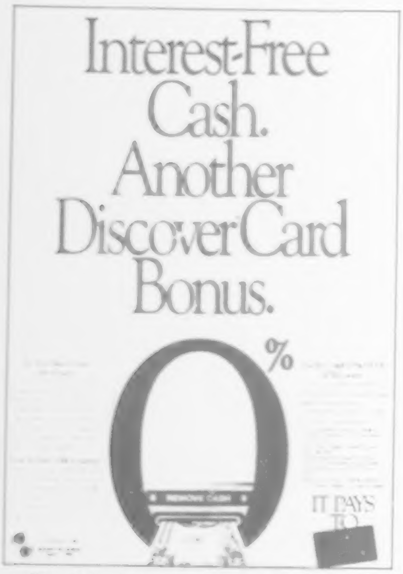
Feeling the pressure from bank cards, American Express extended its brand with Optima, gold and platinum cards.

Discover

Introduced in 1986 by Sears, Discover has been called by some one of the surprising success stories in financial services. The card signed on more than 20 million consumers in its first two years, and currently, more than 30 million cards have been placed with an estimated $24 billion in charges last year. In fact, the Sears-owned Greenwood Trust Co., Wilmington, Del., has surpassed Citibank as the largest card-issuing bank in the country.

This growth has been against the odds; industry pundits thought it unlikely the market could support another card. "They've targeted the mass middle market, and positioned themselves as good value," says Anita Hersh, a partner with Lister Butler, New York-based corporate and brand identity consultants. But it's been costly, requiring a billion dollar investment.

The lack of an annual fee has been critical to its ability to attract cardholders. Discover has a response rate of about 5% from customers solicited for the card, compared with an industry average of 1.5%. The card also offers an annual rebate, which is advertised heavily on tv. But the maximum 1% rebate only applies to annual purchases totaling more than $3,000, far above the card's $750 annual average. On total annual purchases of $1,000, the rebate is $2.50.



The latest entry into the credit card arena, Discover is targeting the middle market with a rebate and no annual fee.

Because of the Sears affiliation, Discover has certain efficiencies, such as the use of Sears' bill processing centers. But the lack of an annual fee raises questions about the profitability of the operation. "It's going to be difficult financially," says Bill Henneberry of Communications Diversified. "They have to depend on the [monthly payment] rollover and large charge volume."

Television took just about half of the $28.2 million spent in all media during the first nine months of last year, according to LNA. Television buys were a mix primarily of network and cable centered around news programs, sports and some prime time. Ads by DDB Needham Chicago concentrate on bringing the "news" about card rebates, and the ad environment reflects that. Programs include *ABC News at Sunrise*, *Good Morning America*, *CBS Morning News* and the *Today* show, according to Broadcast Advertisers Report. Cable programing included CNN and ESPN, according to BAR. Taking up the rest of the budget last year was network radio, with ads also next to news programs.

Print is lightly used for Discover because tv and radio offers more flexibility in setting and timing, says a source at the agency. Newspapers got $300,000 in the first nine months, according to LNA, while just two magazines — the *Los Angeles Times Magazine* and *The New York Times Magazine* — were on the schedule, with $51,000 in expenditures.

Diner's Club

Diner's Club, the oldest card in the market at 40 years, now ranks just fifth in volume on charges of $6 billion. But the card, issued by Citicorp, is highly targeted at the business-travel marketplace. "We'll go out of our way to take care of this audience group," says Doreen Edelman, vice president planning and communications the charge card issued by Citicorp.

Diners Club offers primary protection on car rentals, baggage insurance, emergency medical and legal assistance while traveling, and cash access service through a network of ATM machines.

The current print effort is an image-enhancing campaign demonstrating how Diner's Club goes out of its way to meet the special needs of business travelers. A headline, such as "When it's time to report expenses, we'll put it all together for you," is matched with a photo of Mari Gerfen, project manager of billing statement design, holding a giant paper clip.

Foote, Cone & Belding, Chicago scheduled national publications such as the *Wall Street Journal*, *USA Today*, *Fortune*, *Forbes* and *Business Week* are on the schedule, along with some local-market business journals, such as *Crain's New York Business* and *Crain's Chicago Business*. Print placements cost the company just under a half million dollars in the first nine months of 1989, according to LNA.

LNA tracked cable expenditures of $25,000 during the first nine months of 1989. Edelman says radio is used, but expenditures were not picked up by LNA or RER. She says the drive-time period is the most critical, which is supported by news and weather report buys on adult contemporary formats.

Diner's Club has also created the "Club Rewards" program, which works like a frequent-flier program. For each dollar spent with the card, the cardholder earns a club reward point, which can go towards premiums offered by any of the 15 airline, hotel or car rental frequent-user programs aligned with Diner's Club. ■

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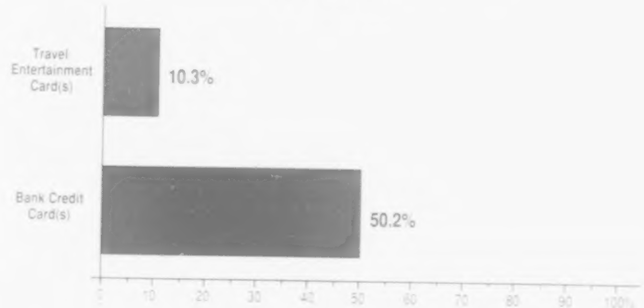
BRAND REPORT INDEX

BUYER PROTECTION

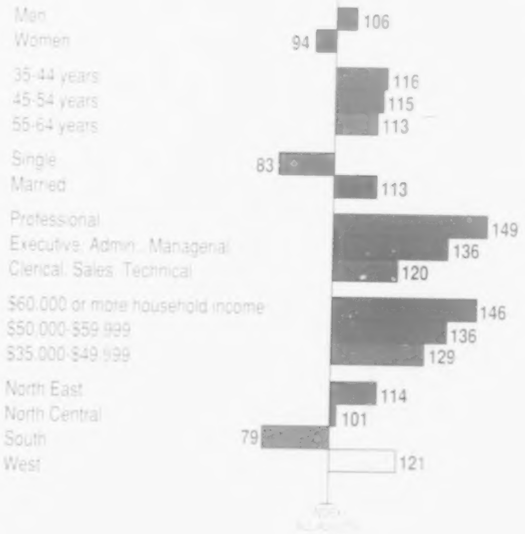
Credit Cards

How to read: Our indices of user demographics and media preferences are used to indicate the direction and amount of difference from the average. The index of the average is, by definition, 100. Thus, an index of 112 reflects a 12% above-average incidence. An index of 89 indicates an 11% below-average incidence.

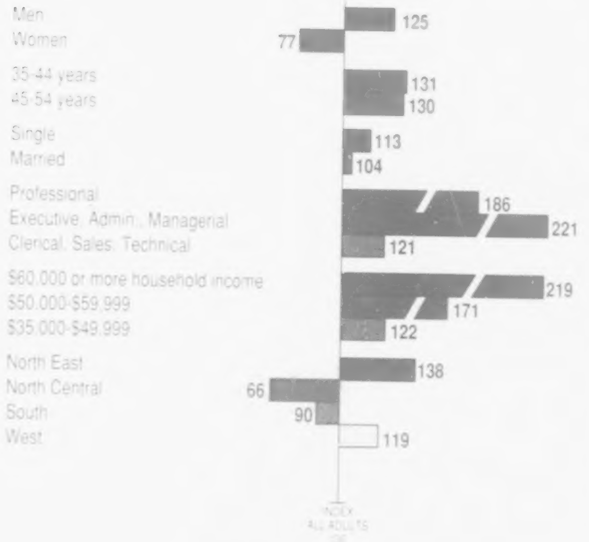


CREDIT CARD OWNERSHIP

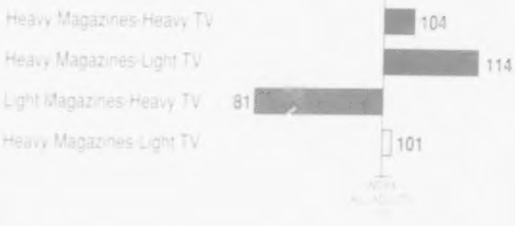
(All Adults 18+)



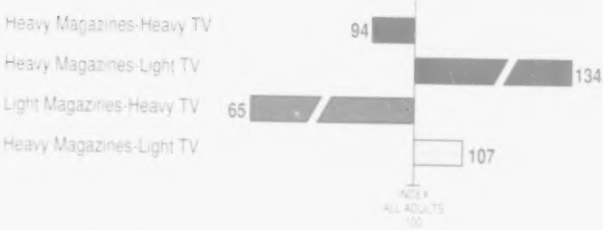
KEY DEMOGRAPHICS: BANK CREDIT CARD(s) OWNERS



KEY DEMOGRAPHICS: TRAVEL/ENTERTAINMENT CREDIT CARD(s) OWNERS



MEDIA EXPOSURE BANK CREDIT CARD(s) OWNERS



MEDIA EXPOSURE TRAVEL/ENTERTAINMENT CREDIT CARD(s) OWNERS

MAGAZINE AD SCORECARD

	Ad Pages Feb. 1990	% change from Feb. 1989	Dollars spent (000)	% change from Feb. 1989
1. Skin care, Creams, Lotions and Oils	196.66	-13.3	8,430.0	-4.7
2. Lip and Eye Beauty Products	76.27	-30.9	2,803.5	-39.2
3. Scents and Fragrances	95.64	-13.7	2,938.9	-11.0
4. Facial Makeup Products	69.0	-17.9	3,552.8	-15.8
5. Prepared Dinners and Entrees (including pizzas)	85.45	197.6	5,669.3	-257.7
6. Liquor	279.23	-3.3	13,272.3	4.9
7. Cigarettes	473.23	-27.2	27,776.1	-28.0
8. Soaps and Detergents	21.0	49.9	1,212.4	27.2
9. Passenger Cars, Domestic	481.65	-23.5	27,660.3	-16.5
10. Passenger Cars, Imported	420.75	0.7	22,969.7	2.0

Source: Publishers Information Bureau as prepared by Leading National Advertisers.

MEDIA COST INDEX

(The Media Cost Index is based on unit costs, which are the end product of circulation audience and CPM adjustments. They do not represent the efficiency of a given medium, only the out-of-pocket costs.)

1985 = 100 ← 1989 →

	May	% change	June	% change	July	% change	Aug.	% change	Sep.	% change	Oct.	% change	Nov.	% change	Dec.	% change
Network TV																
Daytime	67	–12	63	–14	71	–11	67	–9	76	-48	80	-28	82	+3	74	+0.8
Nighttime	127	+16	112	-8	125	+14	135	+14	120	+2	119	+19	124	+10	123	+12
Spot TV																
Prime time	126	+0.3	131	+5	132	+7	134	+7	117	-15	116	-9	128	+23	130	+1
Daytime	101	–1	93	–0.2	107	+0.2	99	-1	94	-11	94	-12	98	-5	97	-1
Network radio	131	+13	126	+8	121	+19	127	+15	127	+14	142	+8	139	+11	131	+10
Spot radio	–	–	118	+17	–	–	–	–	112	+7	–	–	–	–	114	+4
Consumer magazines	122	+6	123	+7	123	+7	123	+8	124	+7	123	+7	123	+5	123	+3
Natl. Sunday magazines	130	+12	130	+12	130	+12	141	+10	141	+10	141	+10	141	+10	141	+10
Business publications	123	+6	123	+6	123	+6	123	+6	123	+6	123	+6	123	+6	123	+6
Newspapers	131	+6	131	+6	131	+6	131	+6	131	+6	131	+6	131	+6	131	+6
Outdoor	132	+8	132	+8	132	+8	132	+8	132	+8	132	+8	132	+8	132	+8

Notes: Percentage shown is relative change from the same month/period the year before.
*Revised

Sources:

Nighttime Network TV- Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service.

Daytime Network TV- Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service.

Nightline Spot TV- Cost per average 30-second spot, 7:30-11p.m. Monday-Saturday and 7-11p.m. Sunday from Arbitron/Broadcast Advertisers Reports' Spot TV Service.

Daytime Spot TV- Cost per average 30-second spot, 10a.m.-4:30p.m. Monday-Friday from Arbitron/BroadcastAdvertisers Reports' Spot TV Service.

Network Radio- Cost per average 30-second radio announcement from BAR's Network Radio Service.

Consumer Magazines estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn.

National Sunday Mags estimate based on published (rate cards) costs of a page, four-color in the national entries.

Daily Newspapers estimate based on Newspaper Advertising Bureau report of SRDS costs per column inch of a sample of 784 newspapers weighted to represent the universe.

Outdoor Posters based on estimate prepared by Institute of Outdoor Advertising.

Spot Radio index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

Business Publications estimates based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications.

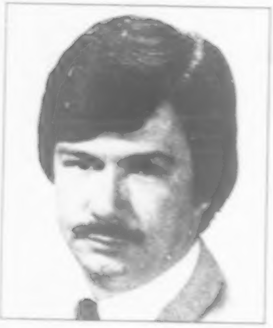
Prime time is the most popular time for taping tv programs, according to a Nielsen report.

LAST WORD

MASS RETAIL AND ITS MICRO MARKETS

As today's headlines suggest, retailing is one of the most exciting, frustrating, challenging, exasperating and fascinating segments of the American economy. It is also one of the most brutal, and as competition intensifies, retailers will take a harder look at the effectiveness of their promotional expenditures.

Several factors have important implications for how retailers will communicate with the consumer. They are: time compression; aging of the population; geomarketing; and market fragmentation.



For families where both spouses work, time is a valuable commodity. Marketers who can provide convenience in terms of how people acquire and consume products will reap huge rewards. Similarly, creative avenues must be found to reach consumers with messages that are short and sweet.

The aging of the population means a more savvy consumer who is adept at shopping and has definite opinions on the value of brand names and the relationship between price and quality. In light of the increasing personal cost (i.e., fighting traffic; finding a parking space, etc.) of patronizing traditional fixed-location retailers, consumers are more willing to purchase products by description rather than by inspection — either by telephone or through the mail.

> **"Markets will decrease in size as competitors fine-tune segments along the lines of value, life-style, demographics, geographics and benefits."**

As the attractiveness of direct marketing for the consumer increases, retailers will have to reorient their media strategies. In this instance the mass media is not just a vehicle for stimulating interest and desire; it is a viable alternative (versus face-to-face) for stimulating and closing the sale.

Geomarketing is a phenomenon that describes the increasing diversity in tastes and preferences. Traditionally, demographers concentrated on differences between larger regions such as East, West, North and South. Now manufacturers are developing marketing strategies to tap the idiosyncrasies exhibited by consumers across more narrowly defined geographic settings. Similarly, retailers are attempting to develop offerings to appeal to consumers in different parts of the country as well as in different neighborhoods in the same suburb.

Geographic marketing must be accompanied by geographic targeting. Newspapers, for instance, allow retailers to target specific areas within the newspaper's "territory." As geographic markets become scrambled, retailers are going to demand that audiences be delivered in even smaller geographic parcels. Some would say that there are too many stores attempting to appeal to too few people. Many specialty retailers try to differentiate themselves on the basis of a unique offer to a narrowly defined group of consumers. Consumers are becoming more demanding about what they require from retailers. The interaction between these two forces has lead to market fragmentation.

Markets will continue to decrease in size as competitors fine-tune market segments along the lines of value, lifestyle, demographics, geographics, and benefits. The focus will be on developing a unique niche that matches the comparable strengths of the retailer and the requirements of the target market. Promotional strategies will place greater emphasis on developing the appropriate image to match the consumers' lifestyle and less on price promotions. To accomplish this, retailers will communicate through media that can deliver a specific audience. As retailers become more cost conscious, the media must deliver not only the message, but also the consumer.

Michael F. Smith is assistant professor of marketing at Temple University.

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MAY 1990 $

MAGAZINES
WHAT'S HOT
WHAT'S NOT

Upfront '90

Daypart by daypart, here's how the cards are stacked.

Dinners for Kids

Luxury Autos

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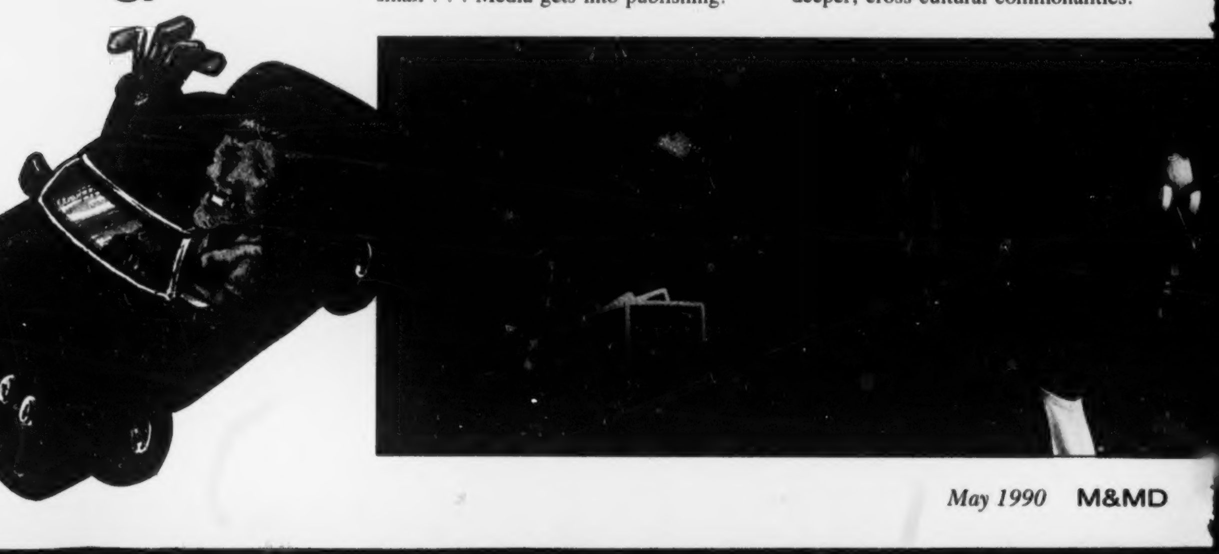

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It must be spring — all the tv buyers look nervous. And no wonder, as they prepare to dive head first into the upfront network tv buying game. This notoriously erratic market shows no signs of settling down this year. Here's a handicap by daypart, plus snapshots of cable, syndication and Fox's outlooks to round out the picture.

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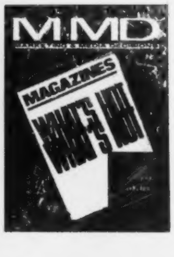


Cover:
Photography by
Maria Ferrari

John Stuart

JWT's John Sisk, like other buyers, is hiding his hand but ready to pounce.

THE BIGGEST GAME IN TOWN

by Joe Mandese

Let the cards fail where they may. Another television upfront season is about to begin, and the game promises to be a real smoker.

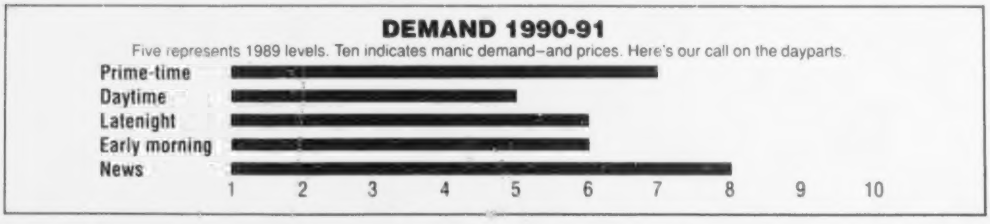
True, there are no Olympics, no apparent tv-related strikes and no people-meterish boondoggle to mess up the works. But this year's national television upfront is bigger than ever before — with more players, more inventory, and more choices for the buyer.

Soaring demand and record prices caught even the most seasoned vets off guard in last year's upfront, which grew approximately $700-$800 million to about $4 billion. So outright predictions about the market are scarce in 1990. But a few fundamentals appear to be working against the networks. The weak economy is hurting major categories like automobiles and financial services, and beer advertisers are pulling back. In the scatter market, major advertisers are canceling time at a higher rate than usual.

Network competitors are stronger than ever before. Fox is flush with hit shows and is expanding to two additional nights this fall. The major cable networks have invested heavily in first-run programing, including top sports packages, and are aggressively marketing their wares against specific network dayparts. And syndication certainly will take a bite out of network budgets with its top-tier shows.

While there is more product than ever competing in this year's marketplace, the true commodity isn't the shows, or even the commercial units that are being offered. What national tv buyers really want are gross rating points (GRPs) and lots of them — preferably in quality program environments and delivering particular demographic concentrations.

Some dayparts are up and some are down, but there definitely has been a redistribution of the GRP



DEMAND 1990-91

Five represents 1989 levels. Ten indicates manic demand–and prices. Here's our call on the dayparts.

PRIME-TIME

TOP 10 CLIENTS

	1989	1988	Percent Change
General Motors	$289.7 mm	$181.8 mm	+54.4%
Kellogg	199.7	131.5	+51.9
Procter & Gamble	196.7	144.1	+36.5
McDonald's	169.7	129.6	+30.9
Philip Morris	157.6	126.1	+25.0
Pepsico	128.4	100.9	+27.3
Unilever	121.6	97.9	+24.2
Grand Metropolitan	115.3	58.6	+96.8
Ford	109.5	69.6	+57.3
Kohlberg Kravis	102.3	91.1	+12.3

TOP 10 CATEGORIES

	1989	1988	Percent Change
Restaurants & drive-ins	$459.9 mm	$316.2 mm	+45.9%
Domestic cars	330.0	221.9	+48.7
Cereals	305.6	215.6	+41.7
Imported cars	293.9	228.2	+28.8
Movies	161.7	123.8	+30.6
Cold/cough remedies	134.7	108.7	+23.9
Headache remedies	110.4	95.7	+15.4
Trucks	107.3	80.7	+33.0
Department stores	104.1	48.0	+116.9
Soft drinks	101.3	85.7	+18.2

The weak scatter market could set the tone for the marketplace, and several important categories are cooling off.

wealth...not just among networks, but to network alternatives.

PRIME-TIME

Despite last year's record upfront (and possibly because of it), prime-time scatter sales appear to have weakened considerably. During the second quarter, there was a higher level of exercised cancellation options and relief requests than normal. "I believe that there is an underlying softness there," says Grey Advertising senior vice president and director of national broadcast Jon Mandel.

No. 1 advertiser General Motors made headlines when it dumped about $40 million in options, and subsequently repurchased much of the time. But far more significant, Mandel says, are the cutbacks "in all categories." He estimates cancellation options are running "a few percentage points" higher than normal.

While there isn't necessarily a correlation between one season's scatter market and the following year's upfront, it often influences the mood of the marketplace. And at this point, it looks like the upfront will take off on a weak scatter base.

Not surprisingly, networks have a more optimistic view. "The networks are projecting about equal demand to last year's upfront," says Lowe Marschalk vice president of national broadcast Estie Todtman. "I don't think there will be much growth, but [the market] may be as big as last year, which was pretty big."

One area of concern is how networks will recoup the hefty rights fees they have paid for major sports packages. "Where are [advertisers] going to get the money for sports?" Todtman asks. "Will people take money out of other dayparts to pay for sports — or vice versa? People may think that sports is becoming too inefficient and may put their money into other dayparts."

While those sports fees will certainly be amortized by advertisers, J. Walter Thompson senior vice president and director of network negotiating John Sisk believes the impact on this year's marketplace depends on how the networks plan to recover those costs. "Over how many years will they amortize it?" he asks.

Ally & Gargano MCA senior vice president and director of network programing Steve Auerbach doesn't believe those costs will be absorbed this year. "I don't think we will see the huge increases that people expected, because two important categories seem to be off. Financials are in trouble, and the beers seem to be cutting back on advertising and putting money in price and promotion." Young & Rubicam senior vice president of group network television Gerri Donini adds, "I've got to believe that the car money is going to be down. There were a lot of introductions last year and an introduction budget is always a lot higher than the following year's."

If she's right, the networks might be in trouble: Automobiles drove the upfront last year. According to Arbitron's Broadcast Advertiser Reports data, domestic automotive prime-time spending rose 48.7% to $330 million in 1989, while imported cars

DAYTIME

TOP 10 CLIENTS

	1989	1988	Percent Change
Procter & Gamble	$139.3 mm	$140.0 mm	−1.0%
Philip Morris	47.0	49.9	−5.8
Unilever	46.5	50.7	−8.3
Kohlberg Kravis	42.9	57.3	−25.1
Johnson & Johnson	37.6	39.0	−3.6
Bristol-Myers	34.2	33.9	+0.9
Quaker Oats	33.6	36.5	−8.0
American Home Products	32.3	44.4	−27.3
Eastman Kodak	30.9	27.6	+12.0
Nestle	22.6	22.4	+0.9

TOP 10 CATEGORIES

	1989	1988	Percent Change
Cold remedies	$43.4 mm	$49.7 mm	−12.7%
Underwear/apparel	39.2	35.3	+11.1
Cereals	35.1	44.7	−21.5
Games/toys	34.1	41.3	−17.4
Headache remedies	33.0	39.3	−16.0
Cleaners	32.2	24.9	+29.0
Dental supplies	31.0	38.1	−18.6
Coffee/tea	30.0	27.0	+11.1
Candy/gum	28.9	40.1	−27.9
Pet food	28.4	30.3	−6.3

LATENIGHT

TOP 10 CLIENTS

	1989	1988	Percent Change
Anheuser-Busch	$22.6 mm	$15.7 mm	+44.0%
Philip Morris	21.1	13.2	+59.9
General Motors	18.5	10.4	+77.9
Bristol-Myers	18.0	15.5	+16.1
AT&T	15.7	12.9	+21.7
Ford	11.9	8.0	+48.8
Sears	11.1	2.2	+404.6
Procter & Gamble	11.0	11.7	−6.0
Monsanto	10.1	5.4	+87.0
Toyota	9.7	9.5	+2.1

TOP 10 CATEGORIES

	1989	1988	Percent Change
Imported cars	$43.4 mm	$24.8 mm	+75.0%
Beer	34.2	22.2	+36.2
Domestic cars	23.5	13.0	+80.8
Candy/gum	19.8	19.2	+3.1
Movies	18.6	18.9	−1.6
Restaurants/ drive-ins	13.9	18.3	−24.0
Headache remedies	13.3	6.9	+92.8
Long-distance services	13.0	6.4	+103.1
Financial	12.2	9.5	+28.4
Health/ diet food	11.0	5.9	+86.4

After years of weakness, daytime looks like a bargain. But gains last year may be offset by soft ratings.

grew 28.8% to $293.9 million. No. 1 prime-time advertiser General Motors led the charge, boosting its budget nearly 60% to $289.7 million. Moreover, these numbers are only through the fourth quarter of 1989 and don't reflect budget increases for the entire 1989-90 season.

Prime-time demand may be moderated by the actual supply of its inventory. The three-network GRPs appear to be down 4% (for the period from Sept. 18-March 18), according to an analysis by Bozell Inc. Most significantly, the ratings erosion is affecting many of the key network demographic targets. Women 18-24, for instance, is down 6% for the period, while women 18-49 and women 25-54 are each off 5%. Similarly, men 18-34 is down 6% and men 18-49 and men 25-54 have dropped 5%. Network alternatives, including Fox, syndication and cable, meanwhile are adding to the pie. "Fox continues to grow each season, improving its average household rating by 12% vs. last season," notes Bozell.

Fox also is expanding its prime-time inventory this fall by about 40% by adding two additional nights on Wednesday and Friday.

EARLY MORNING

TOP 10 CLIENTS

	1989	1988	Percent Change
Procter & Gamble	$30.8 mm	$29.5 mm	+4.4%
Philip Morris	20.9	15.2	+37.5
Kellogg	7.4	8.9	−16.9
Heinz	6.2	4.7	+31.9
Johnson & Johnson	5.6	3.5	+60.0
Seagrams	5.5	3.7	+48.7
American Home Products	5.3	5.1	+3.9
Quaker Oats	5.2	5.9	+11.9
Sears	5.2	3.1	+67.7
General Motors	4.8	1.0	+380.0

TOP 10 CATEGORIES

	1989	1988	Percent Change
Coffee/Tea/Cocoa	$34.0 mm	$19.8 mm	+71.7%
Cereals	19.7	22.8	−13.6
Dental products	11.2	13.1	−14.5
Financial	7.3	3.5	+108.6
Headache remedies	6.6	6.9	−4.4
Fruit juices	6.3	6.6	−4.6
Health/diet foods	6.1	2.4	+154.2
Media	5.9	6.6	−10.6
Furniture	5.6	7.8	−28.2
Cold/cough remedies	5.2	8.3	−37.4

DAYTIME

After several seasons of flat to downward spending, network daytime posted a modest gain last year due to aggressive network marketing efforts that convinced even major automotive advertisers to enter the daypart. However, those daytime revenue gains were based on a tenuous price/value relationship that may disappear as quickly as it emerged. After years of weak pricing, daytime's value became attractive relative to other network dayparts, assisting in the turnaround. "Daytime began to look pretty good," notes JWT's Sisk.

But buyers are concerned about a recent drop-off in network daytime ratings that could alter its relative value. Through March 18, the three-networks' season-to-date ratings have declined 6% for daytime. So even if network unit rates are flat, daytime CPMs will rise because there are fewer daytime viewers per spot. "We're becoming concerned about the situation," notes BBDO senior vice president & director of national tv buying Steve Grubbs. "If this continues into next year, then the networks would have to take out a lot of units for makegoods." And they would have fewer rating points to sell.

In theory, reduced daytime inventory means prices rise if demand stays the same. However, few buyers believe daytime will stay attractive with a significant price hike. Their daytime budgets would either shift to other dayparts, or into other tv alternatives. A Bozell study of fourth-quarter daytime viewing notes that while the broadcast network ratings have dipped, "total daytime usage increased by 2%" due in part to a 36% ratings increase on basic cable.

LATENIGHT

Latenight has been hot, but like daytime, it is in danger of losing its price/value relationship. After several seasons of hefty price hikes, latenight may see its first flat sales season in a while. However, its strong

by Greg Clarkin

FOX

Fox's upfront will get a boost from its addition of a movie night and another night of programing on Fridays. Fox last year registered about $350 million for its upfront and with its increase of 40% in inventory and programing for this year's schedule, Fox should be in the $500 million range. Its top categories are automotive, packaged goods, food and food products, restaurants and soft drinks.

Agency media people won't handicap just where rates for Fox will fall, but say that the network will be in a stronger position than previous years thanks to *Married...With Children* and *The Simpsons*. Their young-demo strength will also continue to work in their favor.

SYNDICATION

Most agency media people greet the upfront market for syndication with some skepticism. "Syndication is in such disarray right now, except for the top programs," says Werner Michel, vice president in corporate programing for Bozell. "They ask for the world for the better programs, while others they have to almost give away."

Data from the Broadcast Advertisers Report finds food products as the top category for investments in national syndication advertising, with more than $325 million spent in 1989, up 35% from $240 million in 1988. Other categories topping the charts included toiletries and toilet goods ($156 million, up 25% from $124 million) and confectionary and soft drinks ($111 million, up 23% from $90 million). Among the larger increases in syndication was in automotive, up 121% to $64 million, from $29 million.

On the betting line, predictions are mainly for low rate hikes, under 4%, with some predictions for flat growth.

CABLE

Cable keeps making inroads in the market and anticipates a bigger upfront than ever before. New networks, such as Sports News Network, The Comedy Channel and HA! (either indepently or merged), mean increased inventory, and increases in first-run programing provide a more attractive shopping list.

However, questions remain over just how cable networks like ESPN and TNT will pay for expensive sports rights deals. Still, ESPN has signed a major deal with Anheuser-Busch.

Top categories that should continue to rise include fast food, packaged goods and automotive. "You'll see the quick service restaurants continuing to be strong," says John Rash, broadcast supervisor at Campbell-Mithun-Esty, Minneapolis. Another growth area is health-related products, such as drugs and remedies. "As baby boomers grow older they're becoming more health sensitive," Rash says. However, Saatchi & Saatchi DFS senior vice president and director of television information and new media Betsy Frank questions the strength of financial services.

As usual, rate estimates run the gamut, depending on who you talk to. Most handicappers estimate rates will rise 10-12%, but a few believe rates will rise no higher than 4-to-5%.

young-adult and working women demographic delivery makes it a hard daypart to beat for many key categories like beer (+36.2% to $24.2 million), imported cars (+75% to $43.4 million) and domestic cars (+80.8% to $23.5 million).

While such advertisers are apparently attracted by latenight's healthy young demos, escalating prices and an expansion of the marketplace by the syndicated *Arsenio Hall Show* will take some network dollars.

EARLY MORNING

Early morning has benefited from advertisers' pursuit of working women, but it may be growing faster than the market can bear. While key categories like coffee (+71.7% to $34 million), financial (+108.6% to $7.3 million) and diet foods (154.2% to $6.1 million) are up, cereals (-13.6% to $19.7 million), dental (-13.1% to $11.2 million) and media (-10.6% to $5.9 million) appear to be cutting back.

Moreover, early morning demand may be satiated by an increased supply of network GRPs. According to Bozell, household ratings for the daypart increased 6% in 1989 (for the period from Sept. 18 - March 18.) And key demos are up: women 18-34, is up 7%; and men 18-34, is up 13%.

NEWS

News is one of the few dayparts that appears to be growing in its price/value relationship for advertisers who seek older demos. "The one place I'm keeping an eye on is news, because you can get a 10 rating in news with no problem, you sometimes can't even get a 10 rating in prime time," says Hal Riney & Partners senior vice president and director of broadcast services Doug Seay. "It's a safe daypart to be in."

Categories increasing their use of news are imported cars (27.4% to $27.4 million), long-distance (104.1% to $24.7 million), dental products (27.4% to $22.8 million), cold remedies (26.3% to $19.7 million) and financial (96% to $19.6 million). But the other top categories are down. ■

NEWS

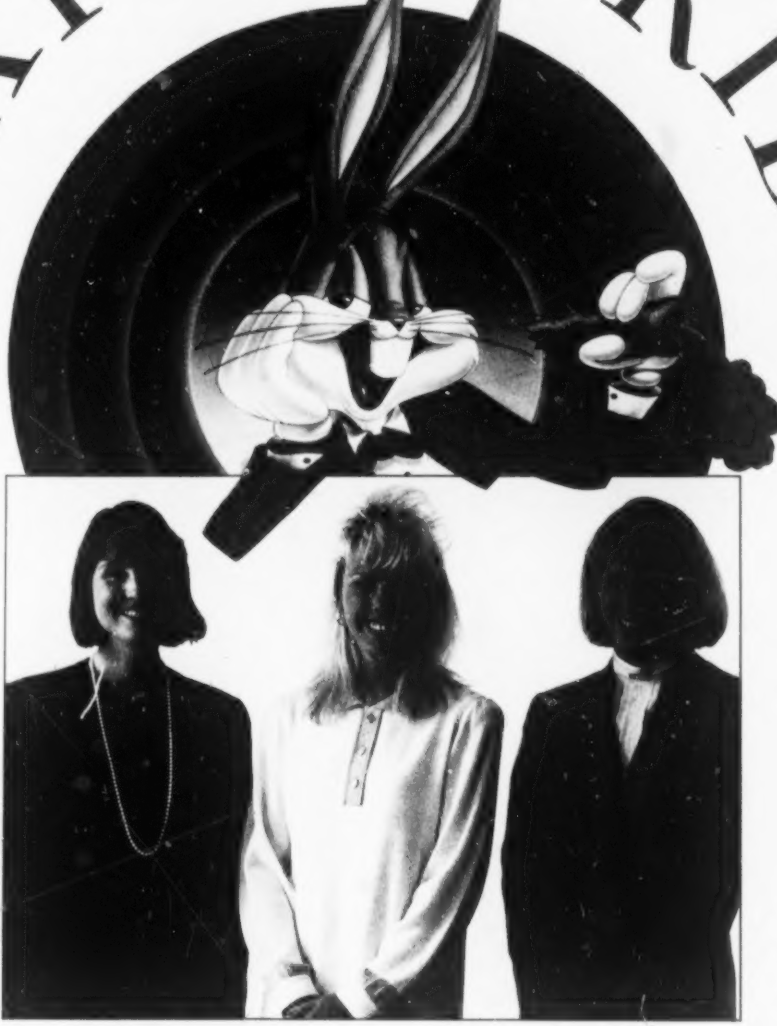
TOP 10 CLIENTS

	1989	Percent 1988	Change
Kellogg	$44.3 mm	$52.3 mm	–15.3%
American Home Products	35.4	35.1	+0.9
Philip Morris	25.9	15.4	+68.2
Bristol-Myers	23.8	20.0	+19.0
General Mills	23.5	29.5	–20.3
Procter & Gamble	23.3	17.7	–31.6
Kodak	20.9	19.4	+7.71
AT&T	20.6	27.3	–24.5
General Motors	19.7	25.7	–23.4
Johnson & Johnson	19.6	22.7	–13.7

TOP 10 CATEGORIES

	1989	1988	Percent Change
Cereals	$73.9 mm	$87.6 mm	–15.6%
Institutional/corporate	49.4	40.5	–22.0
Headache remedies	44.5	49.4	–9.9
Domestic cars	30.9	41.5	–25.5
Digestive aids	28.8	22.8	–26.3
Imported cars	27.4	21.5	+27.4
Long distance services	24.7	12.1	+104.1
Dental products	22.8	17.9	+27.4
Cold/cough remedies	19.7	15.6	+26.3
Financial	19.6	10.0	+96.0

WHAT'S UP, KIDS?



Bugs teamed with Tyson's Joni Rutherford (center) and Stern Walters' Denise Madison (left) and Barbara Drier.

Kevin O. Mooney TM © 1990 Warner Bros Inc

Time-starved families are being pitched microwave meals kids can "cook" for themselves. It could be a $250 million category — if marketers don't get burned.

by Brian Bagot

Mom's got to run and dad's got to fly, but little Graham and Gillian still have to eat. Recognizing this, some major food marketers are offering parents a helping hand.

With their new lines of complete frozen meals and shelf-stable entrees for kids priced at about $2 per serving, companies such as Tyson, ConAgra and Hormel have made preparing a hot lunch or dinner for junior as easy as pushing a few buttons on the microwave. In fact, it's all so simple that the hope is kids will do it themselves.

In their bids to grab their share of the estimated $250 million market, Tyson and ConAgra have rolled out nationally with complete frozen dinners, called Looney Tunes Meals and Banquet Kid Cuisine, respectively. Hormel, for now, is taking a wait-and-see approach for its shelf-stable Kid's Kitchen entree, testing in markets such as Denver, Phoenix and Indianapolis.

Some of the traditional kid food brands like Chef Boyardee, Campbell Soup and Franco American are also making moves in the market with additions to their lines, such as teddy bear- and dinosaur-shaped pastas. These entries are available only in cans at the moment (though several have recently introduced single-serving sizes), but all are considering microwave extensions. This canned kids-food market currently is about $500 million.

But is the full-meal market really there? The kid-food segment is the final piece of the thinly cut prepared-foods pie that includes dinners for hungry men, dieters and busy yuppies. "There's bound to be some people falling out of this," predicts Al Urbanski, editor of *Food & Beverage Mar-*

KIDS AS COOKS

Prepared Foods Themselves	6-8	9-11	6-14
	Years of Age		
In the past week	45%	69%	65%
1 to 2 times a week	36%	41%	38%
3 to 5 times a week	15%	29%	27%
Meal Occasion			
Breakfast	15%	16%	17%
Lunch	16%	24%	22%
Dinner	13%	22%	24%
Snack	26%	40%	39%

Favorite Foods of Kids 6-14

Food		%
Frozen pizza	—	53%
TV dinner	—	26%
Canned soup	—	14%
Canned spaghetti	—	10%
Dry packaged	—	9%

81% of the kids age 6 - 14 have a microwave and use it.

Source: Children's Market Research. Survey of 1,000 children aged 6 - 14 and 500 mothers of children that age nationwide, June 1988.

Is the market there? While the food folks are tempted to say yes, some doubt that it's big enough to support all the players.

keting of the emerging kiddie contest. "Splitting up $250 million five ways is not enough to get their juices flowing. It's kind of in an experimental phase, and somebody's going to have to bite the dust."

Alan Miller, a consultant at Arbitron/SAMI, is another who views the market as dubious. He compares it to children's toothpaste. "You had three major brands bringing out toothpastes for kids that went over like lead balloons when the glamour ended," he says. "I have a feeling that in these days of convenience, it's inconvenient to get a special meal for the kids."

But Gary Stibel, a principal at New England Consulting Group, doesn't see it that way. "I think what these companies are doing is absolutely brilliant," he says. "I'm amazed that the majors didn't see this opportunity. They created the gap that people like Hormel and Tyson are smartly capitalizing on."

And James McNeal, marketing professor at Texas A&M, foresees these new products building a base and expanding it beyond $250 million as parents try to cram more into a day. "For the parent who comes home at six or seven o'clock, these dinners are an alternative to going out."

Comprised of kids between two and 12, the market is estimated to be 30 million strong. With numbers like that, it was a natural for the food folks to try and cash in. After all, the numbers are given even more heft by that current American phenomenon, the disappearance of the family dinner in time-starved dual-income or single-parent families.

Recognizing a potential market is one thing, successfully selling to it is another, especially when both kids and parents are involved. Kids are fickle and, when it comes to eating, finicky. Parents, meanwhile, are looking for a secret weapon in the battle of wills as they try to get their kids to eat properly. With their mix of fun and nutrition, the companies have created marketing campaigns that speak to the two-tiered market with a unified voice.

"At one extreme, you're talking to the parents, saying that this food is better for your kid than the alternative snack-food," states Stibel. "Then you've got them positioning to kids as fun food. Both positionings have potential, and the best is a combination of both worlds."

Tyson, which has a multi-year licensing deal with Warner Brothers' Looney Tunes, uses these classic figures as a bridge. Several of the most popular Looney characters have their own meals: Bugs Bunny Chicken Chunks, Sylvester Fish Sticks and Tweety Macaroni & Cheese. Having Bugs and the gang pitch the meals not only appeals to kids' funnybones. It also goes to another level since the nutritional message is paired with moms' recognition of the characters.

"There are a lot of nutritional options out there, but kids might not want to eat them. Or there's plenty of foods that kids love to eat, but mom's not comfortable with the nutritional value," says Joni Rutherford, product manager for Tyson Looney Tunes Meals. "To overlay that with the fun of Looney Tunes characters was just the most powerful thing that we could do."

"Our target can name off the Looney tunes characters," explains Kathy Herrington, president and chief creative officer of Tyson's agency, Stern Walters Partners in Chicago.

Tyson also benefits from Warner's power as a multi-media conglomerate. Just the association with 150 other licensees of the cartoon characters is worth incalculable media dollars. And as Warner hosts a series of events, such as a Bugs concert tour and museum exhibition celebrating the 50th anniversary of Bugs Bunny this year, the value of Tyson's timing becomes apparent.

Taking advantage of some of Warner's strength, Tyson this month bought into a 32-page advertorial insert celebrating Bugs which is running in *Time*, *Life*, *Entertainment Weekly*, *People* and, believe it or not, *Fortune*. Other upcoming events include

DMB&B's DeWees rethought marketing basics to make sure their pitch for ConAgra hit its two targets.

T. Mike Fletcher

major-league baseball tie-in with "Looney Tunes Day at the Park" and museum exhibits throughout the anniversary year that Tyson can participate in if it chooses. "There's absolutely no pressure, no requirement — it's all by choice. And we're not given any special deals," states Madison.

The category's second contender, Kid Cuisine from ConAgra's Banquet division, doesn't have a cast of loony characters behind it. So it brings fun to eating with Fun Paks that come packaged inside the meals. Puzzles and games highlight the adventures of The Chef and BJ, a friendly bear and penguin that were created to represent the brand.

Glenn Dewees, associate media director at D'Arcy Masius Benton & Bowles St. Louis, thinks that a balance between fun and nutrition should be kept.

Moms are told of the convenience the meal offers as well as being a balanced meal. The 30-second spot shows a young boy calmly discussing how convenient, fun, nutritious and good tasting the meals are while his mother races around the kitchen in the background.

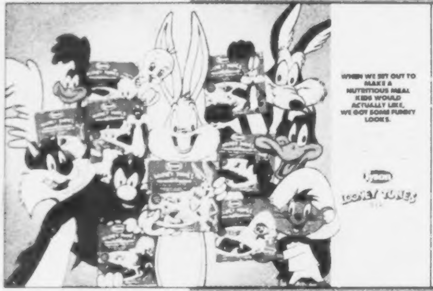
The message given to kids is a sly one as the company conspires with kids to get their mothers to buy the products. Steve Kempf, vice president, management supervisor at DMB&B, explains that you need to tell them why mom would like it. "We know that kids are quick to pick up on ammunition to use with mom."

ConAgra has also called on over 4,000 schools nationwide in their marketing efforts. The company sent them nutritional teaching kits that include a teacher's guide, worksheets and games that demonstrate to kids in grades K-6 how to make up a complete meal. "Schools don't have much nutritional information available to them, and in all aspects of our PR we've tried to provide people with consumer information," says Susan Hanley, manager of product publicity for ConAgra. The kit so far has proved to be quite popular as teachers ask the company for second helpings.

THE WELL-BALANCED MEDIA MIX

Tyson's $15 million media plan is almost classic for the kids-food market. Television is the primary tool, with a mix of network, syndication and cable, including Nickelodeon and The Family Network on programs hitting both kids and moms. Print is used to round out the mix.

"When you're talking to two diverse audiences like parents and kids, different vehicles are required. Television is the most powerful vehicle to reach children, particularly Saturday morning, after school programing, syndication and cable," explains Jodi Rutherford, product manager. As yet another benefit of the Looney tie-in, Warner produced the 30-second commercial that features all the characters trying to upstage each other with their meal.


WHEN WE SET OUT TO MAKE A NUTRITIOUS MEAL KIDS WOULD ACTUALLY LIKE, WE GOT SOME FUNNY LOOKS.
LOONEY TUNES

Giving Your Kids A Well-Balanced Meal When You're Busy Is No Fun And Games.
Until Now
Good Food That's Good Fun

Rutherford says print is the best way to communicate the nutritional message to moms, primarily through the women's service books. Free-standing inserts and other consumer promotion activity, including nutritional guides at POP displays that supply the full nutritional story of the meals, are also part of the plan.

Banquet's Kid Cuisine echoes Tyson. Although the tv target is a mix of kids and moms, using Nickelodeon, as well as shows including *Cosby*, *Growing Pains*, prime-time lead-ins and late afternoon specials, moms are hit exclusively with print through titles that include *Good Housekeeping*, *Woman's Day* and *Parents*. Here the theme is, "Good food that's good fun," and the ads focus on both fun and nutrition. But while one ad talks about the balanced meal without artificial flavors or colors and another's primary message is convenience, both say how much fun the meals are for kids.

Both Tyson and Banquet are using coupons to introduce their lines, but promotion is generally taking a back seat for these new products. One observer, who chose not to be named, explains that coupons' importance in launching these new products is uncertain. "There are a lot of questions about the role of FSIs and couponing in terms of the cluttered environment and their long-term value in new-product introduction," she says. "They're being used, but in terms of promotional dollars we'll see a lot more money being spent within the package on games and premiums than you will see going to FSI to support trial. Right now i[illegible] all so early, really too soon to see historical data in terms of promotion for these products."

For Hormel, offering shelf stable meals can be a boost over the frozen meals if kids have access to microwaves at school. Though the meals have no side dishes, they offer good-sized portions of entrees that include macaroni and cheese, spaghetti and meat balls and beef ravioli. Also, mom gets more control over the meal if she wants to make her own side dish.

Rick Bross, marketing manager of Hormel, says that no decision has been made as to when they'll break nationally, but industry estimates are in about one year. "We have other things going on. We prioritized our opportunities," he explains. The company is focusing on its adult entrees that include Top Shelf, Micro Cup, Dinty Moore Beef Stew and Hormel's Beef Chili. "This is where our real strength is, at least in the short term," Bross states.

He adds that entering the kids market is part of the company's overall strategy in microwave. "Kids are major consumers, and we wanted to make sure we had microwave products that specifically meet their tastes," he explains.

So when only 18 months ago some pundits were announcing that the plug has been pulled on the microwave, primarily because nobody could come up with a good- tasting product that would cook consistently, the appliance may get new life in the kids market. After all, adults know what food is supposed to taste like, but kids don't. Or do they? The new lines have a lot riding on the answer. ■

Lux in Flux

When Americans hit the open road in the boom years after World War II, many took to it in cars larger and more comfortable than some of today's "luxury" apartments. The U.S. and its automotive industry were on top, and huge Cadillacs, Lincolns and Chryslers became symbols of the good life as they purred across the continent.

Along the way, those boom years also bred a schizophrenia in the luxury-car marketplace. While the oversized luxmobiles still say class for many, some of the era's now-affluent children think they say crass. These people are turning instead to the European car models like BMW, Volvo, Mercedes and, lately, the Japanese entries to give them the aura of success.

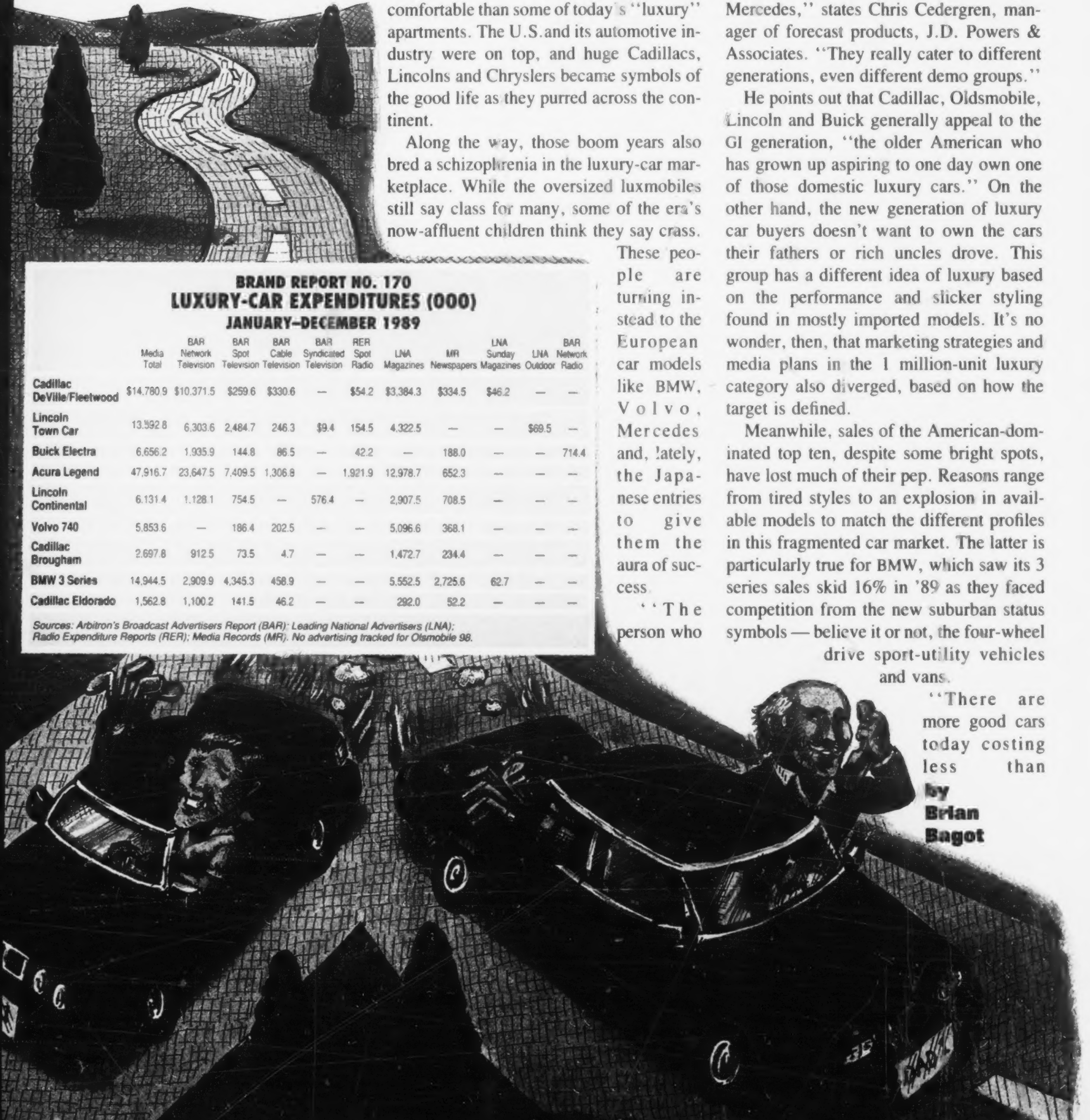
"The person who would buy a Mercedes would never consider buying a Cadillac, and the person considering a Cadillac would never buy a Mercedes," states Chris Cedergren, manager of forecast products, J.D. Powers & Associates. "They really cater to different generations, even different demo groups."

He points out that Cadillac, Oldsmobile, Lincoln and Buick generally appeal to the GI generation, "the older American who has grown up aspiring to one day own one of those domestic luxury cars." On the other hand, the new generation of luxury car buyers doesn't want to own the cars their fathers or rich uncles drove. This group has a different idea of luxury based on the performance and slicker styling found in mostly imported models. It's no wonder, then, that marketing strategies and media plans in the 1 million-unit luxury category also diverged, based on how the target is defined.

Meanwhile, sales of the American-dominated top ten, despite some bright spots, have lost much of their pep. Reasons range from tired styles to an explosion in available models to match the different profiles in this fragmented car market. The latter is particularly true for BMW, which saw its 3 series sales skid 16% in '89 as they faced competition from the new suburban status symbols — believe it or not, the four-wheel drive sport-utility vehicles and vans.

"There are more good cars today costing less than

by Brian Bagot



BRAND REPORT NO. 170
LUXURY-CAR EXPENDITURES (000)
JANUARY–DECEMBER 1989

	Media Total	BAR Network Television	BAR Spot Television	BAR Cable Television	BAR Syndicated Television	RER Spot Radio	LNA Magazines	MR Newspapers	LNA Sunday Magazines	LNA Outdoor	BAR Network Radio
Cadillac DeVille/Fleetwood	$14,780.9	$10,371.5	$259.6	$330.6	—	$54.2	$3,384.3	$334.5	$46.2	—	—
Lincoln Town Car	13,592.8	6,303.6	2,484.7	246.3	$9.4	154.5	4,322.5	—	—	$69.5	—
Buick Electra	6,656.2	1,935.9	144.8	86.5	—	42.2	—	188.0	—	—	714.4
Acura Legend	47,916.7	23,647.5	7,409.5	1,306.8	—	1,921.9	12,978.7	652.3	—	—	—
Lincoln Continental	6,131.4	1,128.1	754.5	—	576.4	—	2,907.5	708.5	—	—	—
Volvo 740	5,853.6	—	186.4	202.5	—	—	5,096.6	368.1	—	—	—
Cadillac Brougham	2,697.8	912.5	73.5	4.7	—	—	1,472.7	234.4	—	—	—
BMW 3 Series	14,944.5	2,909.9	4,345.3	458.9	—	—	5,552.5	2,725.6	62.7	—	—
Cadillac Eldorado	1,562.8	1,100.2	141.5	46.2	—	—	292.0	52.2	—	—	—

Sources: Arbitron's Broadcast Advertisers Report (BAR); Leading National Advertisers (LNA); Radio Expenditure Reports (RER); Media Records (MR). No advertising tracked for Olsmobile 98.

Charles Waller

The older demo dominates the U.S. luxury models, but not imports.

$20,000, which is sort of the threshold of the market," explains a BMW spokesperson. "There's just a lot more choice out there for the consumer."

The ten models leading the luxury market fall into the mass-luxury end of the business, with base prices ranging from $20,000 for the Oldsmobile Ninety-Eight to $29,422 for the Continental. Mercedes, surprisingly, comes in at number 11 with its 300 series. This car, like Jaguar and some other BMW and Volvo models, falls into a more exclusive and lower volume segment of the luxury business, with prices beginning at $40,000.

Americans lead luxury models with about 62% of the road, based on estimates from *Fast Track News*, published by Integrated Automotive Resources. Combined estimates from J.D. Powers and Integrated Automotive Resources have Cadillac moving 170,500 DeVille/Fleetwood models in 1989, up 6.3% over the previous year. Following them are the Lincoln Town Car with 119,300 units, down 1.7%; Buick Electra with 81,000 units, down 8%; and Oldsmobile Ninety-Eight with 65,700 sold last year, down 10.5%.

The two Europeans in the top ten are Volvo's 740 series and the BMW 3 series, with 47,000 units and 32,000 units moved last year, respectively. Sales compared with a year earlier were up 4.7% for the 740, while down 16% for BMW. In the market since March '86, the only Japanese car in the top-ten pack in '89 was the Acura Legend at number five, with 65,000 units, down 8.5%. Toyota's Lexus and Nissan's Infiniti entered the market too late in '89 to have immediate impact, but could alter the rankings in 1990.

Although all in the top ten are positioned as luxury cars, Cadillac and Lincoln are really the only two that compete head-on, while the other leaders fill specific niches. Buick positioned its Electra line, which will be known as Park Avenue in the 1991 model year, as affordable luxury. Volvo, the first to make three-point seat belts standard equipment, continues to concentrate on safety and pragmatism, a trail the Swede blazed some two decades ago. Cadillac, too, emphasizes safety, but where Volvo targets families, Cadillac tries to drive right to the heart of men over 35 with talk of anti-lock brakes, unit-body construction and V8 power.

Logically enough, the media routes the automakers take reflect the differences in the owner profiles, yet criss-cross like some superhighways. Television offers all the makers broad coverage primarily through network, spot and cable, with time bought on *60 Minutes* and *Murder, She Wrote*, as well as CNN, ESPN, Discovery and Arts & Entertainment. Golf is important in reaching the older male demographic and companies such as Buick and Cadillac have struck deals with the PGA Tour sponsoring different events. Total tv spending last year was $67.4 million, down about 6% from $71.7 million in the prior year.

Print allows the car makers to focus more narrowly on their targets. In addition to the upscale titles such as *Smithsonian*, *Fortune* and *Forbes* that are used by several of the companies, BMW also relies on car-enthusiast books like *Car & Driver* to get its performance message across. For an auto company like Volvo, where 55% of its primary drivers are women, magazines such as *Bon Appetit*, *Town & Country* and *Food & Wine* keep the Volvo name on track. Magazine spending for the top-ten models last year totaled about $35 million, according to Leading National Advertisers, which is flat compared to the year before.

Even though the luxury-car makers are targeting the high rollers, this segment of the auto industry is not exempt from incentives, most revolving around price. The American manufacturers rely more heavily on rebates, while BMW has offered special lease rates for recent college graduates so they can qualify more easily for a lease or loan through the car company's credit corporation. Last year, Volvo tied-in with American Airlines and allowed the redemption of frequent-flier miles toward the purchase of the car.

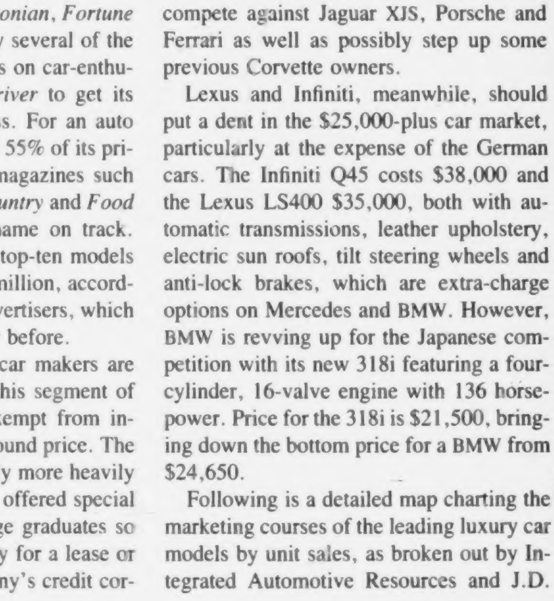
The biggest news in the category, of course, is the arrival of the Japanese. Toyota and Nissan, after helping send the American auto market into a tailspin in the mid-70s with low-priced compacts and dependable mid-sizes, have pulled into the luxury-car race with their respective new brands, Infiniti and Lexus — and lots and lots of marketing dollars. Thus far, published reports peg January and February Infiniti sales at just over 2,000 units, while Lexus had a stronger two-month period with more than 8,300 units moved.

With only 11% of the luxury-car market so far, the climb to the top will be a long one for the Japanese. "It's going to take a while for them to really make an impact," says Thomas O'Grady, president of Integrated Automotive Resources. "It's not just building a car with a lot of luxury and features. It takes time and perseverance," he says.

Gerald Bengtson, vice president of marketing and distribution operations for American Honda, concurs, saying, "We're still working at developing, as a firm, an image in the luxury performance category." To do that, Acura has slated August as the month for the introduction of its NS-X sports car that will sell for between $55,000 and $65,000. It is expected to compete against Jaguar XJS, Porsche and Ferrari as well as possibly step up some previous Corvette owners.

Lexus and Infiniti, meanwhile, should put a dent in the $25,000-plus car market, particularly at the expense of the German cars. The Infiniti Q45 costs $38,000 and the Lexus LS400 $35,000, both with automatic transmissions, leather upholstery, electric sun roofs, tilt steering wheels and anti-lock brakes, which are extra-charge options on Mercedes and BMW. However, BMW is revving up for the Japanese competition with its new 318i featuring a four-cylinder, 16-valve engine with 136 horsepower. Price for the 318i is $21,500, bringing down the bottom price for a BMW from $24,650.

Following is a detailed map charting the marketing courses of the leading luxury car models by unit sales, as broken out by Integrated Automotive Resources and J.D.



Why a Cadillac is as comfortable to own as it is to drive.

Cadillac, long the standard for luxury cars, stresses service with ads from DMB&B.

Powers. Models are grouped under manufacturers' brand names.

Cadillac

Cadillac, long the standard for American luxury automobiles, has been the leader in the category for 41 years. The General Motors division has three models in the top ten, for a total of 240,368 units sold in 1989. The DeVille/Fleetwood was the number-one selling luxury car in 1989, with 170,459 units, while the Brougham ranked number eight and Eldorado number ten, with 39,858 and 30,051 units sold, respectively.

The brand has a basic target profile that begins with adults 35 years old with an annual median income of about $75,000, but varies model by model. So the tv portion of the media plan is primarily an umbrella strategy. "Many of our plans are done on an overall basis, especially when it gets into television, because on television we're using it as an image medium," explains Marty Choinski, vice president, group media director at D'Arcy Masius Benton & Bowles, Bloomfield, Mich., Cadillac's agency. Shows on the tv schedule, which cost Cadillac about $14 million last year, were a combination of higher demographic prime-time programs, such as *LA Law*, *Murder, She Wrote* and Sunday night movies, sophisticated comedies including *Cheers* and *Murphy Brown*, and news programs such as *60 Minutes* and *20/20*.

Cadillac also has a three-year deal that gives it a piece of the PGA Tour events, specifically the Senior PGA Tour. Under the agreement, Cadillac will be the umbrella sponsor of the Senior Tour for 14 events this year, 15 events next year and 16 events the following year, all aired on ESPN.

Print is used to target specific driver types. As an example, look at $57,600 Allante and the Brougham, which has a two-door model and sells for $32,400. Cadillac is looking for a different type of driver for the Allante, professionals in the $100,000 annual-income range, and upscale business journals such as *Forbes* are used. But for the Brougham, which is more of a traditional Cadillac, the company can identify a more mature driver, with an income of $50,000-$60,000, and magazines such as *Modern Maturity* and *Changing Times* make it on the list.

The DeVille/Fleetwood is the bread-and-butter car and is targeted to adults over 35 with incomes greater than $50,000. This also contrasts with Brougham's print schedule and includes the upscale demographic editions of the newsweeklies, *Money*, *Town & Country* and *Travel & Leisure*. The Eldorado, like Allante though not as upscale, is Cadillac's sporty expression targeting primarily males. Print here includes *Sports Illustrated* as well as golf and car-enthusiast books.

Cadillac is also going after the European-car buyer with its Seville Touring Sedan and Eldorado Touring Coupe. The cars' styling is based on the European cars and includes interior appointments, suspension, tires and less chrome, according to Choinski. Taking a ride into the future, Cadillac has a concept car featuring European styling called the Aurora that's being tested at the major auto shows.

Lincoln

Lincoln cruises into number two with its Town Car and Continental. Although they have comparable base sticker prices, the styling and positioning, as well as messages, are different.

Lincoln promotes the restyled Town Car's selection as *Motor Trend*'s Car of the Year.

Golf, however, is the common thread between the two vehicles, and Lincoln buys network tv coverage of major PGA Tour tournaments for both cars. And while Cadillac has the Senior Tour under its seatbelt, old-timer Jack Nicklaus serves as a Lincoln spokesperson and appears in ads during golf programs.

The Town Car is positioned by Lincoln as the "ultimate expression of automotive luxury." It's a large, rear-wheel drive that offers a lot of room and comfort and is targeted to the older segment of luxury-car buyers, who are males about 60 years old with an annual income of $60,000. "Those people seek out cars that are big and impressive," says Donald Williams, executive vice president, group director at the cars' agency, Young & Rubicam Detroit. "Room is also incredibly important to them."

The media schedule for the Town Car, which cost $13.6 million last year, was split primarily between network tv and magazines, $6.3 million and $4.3 million respectively, according to LNA. "We do a lot of magazine advertising because these people tend to read a lot of magazines," says Williams. Titles include *Time*'s top-management editions, *Business Week*, *Town & Country*, *Smithsonian* and *National Geographic*.

Besides heavy golf, tv programing includes various prime-time shows, *60 Minutes* and *20/20*.

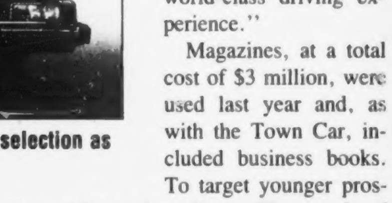
The Continental buyer is in some ways similar to the Town Car owner, although he's in his mid-50s and has an income of $75,000. He's still somewhat traditional, but seeks the benefits of advanced technology and leans towards features like speed-sensitive steering, front-wheel drive, anti-lock brakes and electronically controlled suspension. With this driver profile and these features, the car is positioned as a "sophisticated luxury sedan that offers an ideal blending of domestic luxury and advanced technology," according to Williams. "We're actually positioning it as a world-class driving experience."

Magazines, at a total cost of $3 million, were used last year and, as with the Town Car, included business books. To target younger prospects, titles such as *Sports Illustrated* and *New Yorker* were included.

Basically, the same tv mix is used as the Town Car at a cost of about $2 million last year, according to LNA. "The message is tailored to the targets. What we say about the cars is different, but in some cases the two targets may be watching the same program," explains Williams.

Buick

Buick's Electra/Park Avenue line comes in at number three with 81,000 units sold in model year 1989. The Park Avenue gen-



Most of Buick's luxury emphasis was on its Park Avenue.

For younger buyers, luxury means style and performance.

erated about 91% of the sales, while the Electra accounted for 6%, so it shouldn't surprise anyone that for 1991 Buick is dropping the Electra nameplate and tacking on Park Avenue. Now instead of four styles, the only two models will be the Park Avenue and the Park Avenue Ultra. "We have a case of the model name overtaking the brand name," says Patrick J. Harrison, marketing line manager for Buick Motor Division.

With a base price around $25,000 for the Park Avenue, Buick is positioning the car in the middle of the luxury car pack. "We can't walk away from customers who want a distinctive car with luxury features but don't want to pay the real high price that you find with the Lincolns and Cadillacs," states Harrison.

The affordable luxury slant is not overt as the company targets drivers in their 50s with incomes of $55,000-$65,000 a year through tv and magazines. Instead, the tag line is, "The Great American Road Belongs to Buick." Copy highlights Buick's ranking by J.D. Powers as one of the most trouble-free American brands, and the Park Avenue as among the most trouble-free American luxury cars.

The tv track, according to LNA, cost $2.2 million on shows such as *Murder, She Wrote* and *60 Minutes*. Buick is also a big user of golf and is the official car of the PGA Tour, not to be confused with Cadillac's Senior PGA Tour. And although it's an umbrella campaign, Park Avenue is heavily featured. Besides golf, Buick also runs a heavier schedule on college basketball and football, rather than professional. "Professional tends toward a younger, blue-collar group," says Harrison, "The college group has a higher white-collar content."

The heavy competition for the Electra/Park Avenue comes from Lincoln and Cadillac, but the styling on the 1991 Park Avenue speaks European. Still, Harrison says there's no conscious effort to go after the European buyer. "Frankly, it's very tough to get the people out of the European cars

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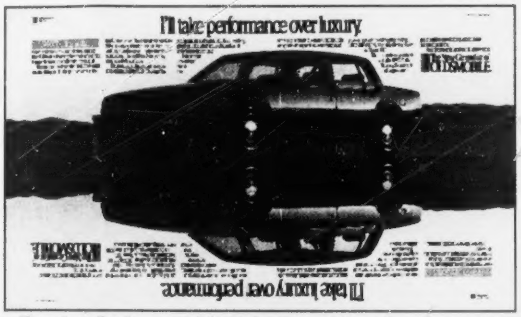

I'll take performance over luxury.
OLDSMOBILE
I'll take luxury over performance.

The Touring Sedan combines luxury and performance, but it's still your father's Oldsmobile.

and into the Buicks — not that we don't do it," he says.

On the print schedule are higher demo books like *Wall Street Journal*, *National Geographic*, *American Heritage* and *Architectural Digest*, as well as mass buys like *Newsweek* and *Sports Illustrated*.

Oldsmobile

Although Oldsmobile is going after a mature car-buyer with the Ninety-Eight, its "New Generation of Oldsmobile" tag is still appropriate. "The campaign means that we have cars for all generations of people, young and old," explains Richard Ross, director of marketing for Oldsmobile. "When we talk about older people, we show older people with younger lifestyles." The theme also represents a new generation of product features and added technology to the Oldsmobile products. The brand's theme line, "This is not your father's Oldsmobile," is not used, however, since in fact, it is.

The sale of 65,671 Oldsmobile Ninety-Eights last year was enough to rank the car number four. Two models are in the line, the Regency and Touring Sedan, and each has its own consumer profile.

With the Touring Sedan, Oldsmobile is offering a sportier version of the Ninety-Eight at a higher price, $25,995. Here, the print-only campaign, targeting primarily males with $60,000-plus incomes in the 40-plus age group, talks of both luxury and performance with the headlines, "I'll take performance over luxury" and "I'll take luxury over performance." Which one you take depends on how you look at this clever ad from Leo Burnett, which tells two stories, one upside down and one right side up.

On the performance side, things like fuel injection, anti-lock brakes and automatic overdrive are highlighted, as well as the performance-tuned suspension. Luxury is maintained with power adjusted bucket seats and a leather-wrapped steering wheel with built-in touch controls.

Burnett's campaign was strictly print, because when targeting consumers in this age bracket, "you can do it on a much more efficient basis by using print," says Ross. Print titles for the Touring Sedan reflect the targeted audience and include *Motor Trend*, *Fortune*, *Golf*, *Golf Digest*, *Sports Illustrated*, *Money* and *Changing Times*.

For the Ninety-Eight Regency, the emphasis is on the car as the logical choice for luxury. "It gives all the nice convenience, comfort and things you want in a luxurious car, and we do it at a great price," says Ross. "We don't advertise price, we just say that it's a smart choice."

Base price for the car is $19,295. Last year's print mix for the Regency is the same as Touring Sedan, except no buff books are used. The buyer here is older than the Touring Sedan and skews in the mid- to late-50s.

No figures are available since LNA did not track spending for the car and Oldsmobile declined to comment on how much was spent.

This year only the Touring Sedan will be advertised as several new products are introduced, guzzling the bulk of the budget. "We had five new models this year that tied up the budget pretty well," Ross says.

Next year Oldsmobile is coming out with a new Ninety-Eight, and because it's an introduction, tv time will be bought. But

THE ACURA LEGEND.
ONE OF THE FEW LUXURIES IN LIFE WHERE THE PAYMENTS WON'T OUTLAST THE ENJOYMENT.

Acura is positioned as a luxury performance car that gives great value for the money.

since it has not yet been publicly displayed, it's too early to say what differences this car will have compared to the two current models, what the target group will be or what type of programing will be used. "From a marketing point of view, we just got the positioning put together and what we're trying to accomplish, but we're just working on the creative now," states Ross.

Acura

"We're targeting people who have not made up their minds that they are going to buy a Mercedes or BMW," says Gerald Bengtson, vice president of marketing and distribution operation for American Honda Motor Co., parent of the Acura. "They say, 'Hey, wait a minute. $40-, $50-, $60,000? I don't know if I can justify that anymore.' It may be more important that the car just performs the duty it was designed for and doesn't have to worry about just carting an ego."

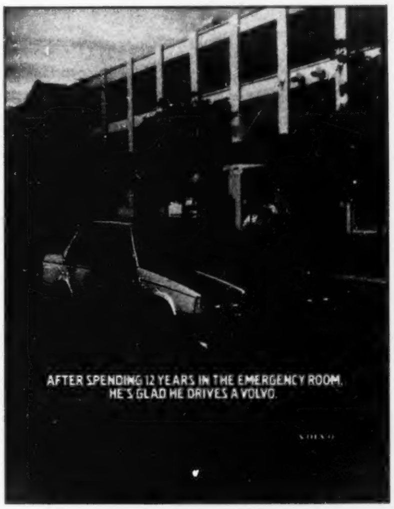
The only Japanese-owned autoproducer to make the ranking in unit sales, Acura offers its Legend in a two-door coupe and four-door models, targeted primarily at men in their mid-40s with household incomes of $80,000. Both the four- and two-door styles feature different levels of trim that can bring the car from a base range of $23,000 to a high of $31,000. Standard features include power windows, air conditioning, cruise control and stereo, while the step-up L model features optional leather seats as well as power seat control. An LS model offers a Bose stereo.

Acura realizes that it takes more than just amenities and performance to successfully market a line of luxury cars. "I think the first thing you have to do is focus on the product. If you don't execute the product, you can talk about it until you're blue in the face, but when the smoke clears, you're still back with the product," states Bengtson. "We're concentrating on performance and the styling and size of the car."

Acura is also telling people about it, and in a big way. Ad spending bought by Ketchum/LA and tracked by LNA totaled just under $48 million last year on a campaign that combined tv and print.

Network tv spending took the bulk of the budget with $23.7 million and went to sports programing as well as shows such as *LA Law* and *thirtysomething*. Magazines also received a considerable amount of money — $13 million on titles that include the automotive buff books as well as *Forbes*, *Fortune* and *Business Week*. Newspapers were used to the tune of $652,300, according to LNA.

Corporately, Honda is a long-term sponsor of Formula 1 Gran Prix autoracing, and Acura ads are also placed on ESPN coverage of these events. Besides keeping the name in front of people, the racing tie-in creates a consumer association with the sport.


AFTER SPENDING 12 YEARS IN THE EMERGENCY ROOM,
HE'S GLAD HE DRIVES A VOLVO.

Still pragmatic after all these years, Volvo stresses safety.

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Volvo

With its emphasis on safety and pragmatism, college education is the most important characteristic of its 35-plus target with at least $50,000 in household income. "Income and age factors can swing," explains John Slavin, executive vice president at Scali, McCabe, Sloves, the car maker's agency. "Education is a constant with them."

Volvo sold 47,000 of its 740 series automobiles last year, enough to rank it seventh in the category for unit sales. Having four cars, including a station wagon, turbo and sedan, in the 740 series gives Volvo a broad coverage of the market. So psychographically, there's more of a difference in the target for each of the models than with other luxury entries. Is a station wagon needed? Would a sedan do?

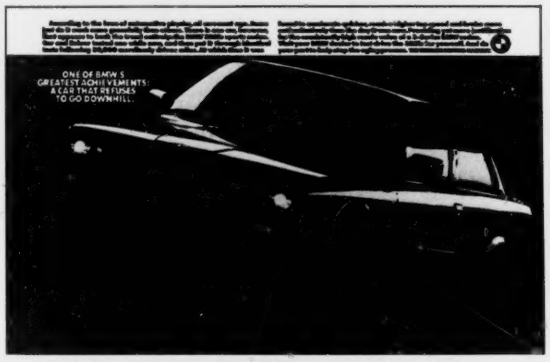
"It depends on the individual and how they want to use the car," says Milt Gravatt, manager of marketing services for Volvo Cars of North America. "We're right in the middle of the market. We call ourselves 'strategically standing still.' People are moving up into us, down into us, sideways into us. So we try to keep it open."

Because of Volvo's front-engine, rear-wheel drive, Gravatt sees dissatisfied American car owners moving into Volvo, as well as people moving out of Japanese cars looking for a larger car. Also, there's the Mercedes and BMW owner looking for a new car, but not wanting to pay the high replacement cost of these cars.

"America has finally caught up with Volvo," says Slaven. "The industry at one point thought it was very chic to go after performance, at another time style was in. This has gone back and forth, but the Volvo message has never waffled. And now anything you read about the auto in the '90s is how everyone is jumping on the safety bandwagon."

Targeting these pragmatic, educated consumers is done primarily through magazines such as *Gourmet*, *Bon Appetit* and *Food & Wine* at a cost of $5.1 million, according to LNA.

Cable tv is used, with placements on CNN, ESPN, A&E, TBS and Discovery costing $202,500, according to LNA. Network broadcast is not used, according to Slaven, because the company has a cooperative agreement set up with dealers in 32 markets who buy primarily local spots.



Like few things in life, BMWs get better with age, say the ads.

BMW

Recognizing competition from other categories, BMW is looking long term and offering consumers a variety of model choices within its 3 Series, which had sales of 32,153 last year. Currently, the 3 Series includes a two-door sedan, four-door sedan, convertible, four-wheel drive and a high performance sports version. Prices range from around $22,000 up to the $35,000 area, so there's quite a range.

In the incentive race, BMW currently has a deal where a driver can waive the last year of the lease to buy or lease a new BMW.

Featuring a 168-horsepower, six-cylinder engine, the 3 Series is positioned as an entry model into what BMW calls the luxury performance market. With this positioning, advertising in print and tv talks about "technology, design, quality and value," says a BMW spokesperson. The average buyer profile is primarily college-educated, married male in his late 30s with a household income of $94,000.

Ads from Ammirati & Puris for the 3 Series primarily cover the line, although the convertible and new 318i have some product-specific campaigns. A combination of network, spot and cable consume the bulk of the ad dollars. Combined spending last year for the three totaled $7.7 million on public affairs and news shows such as *This Week with David Brinkley* and *CBS Sunday Morning*, as well as some prime-time entertainment programs.

Magazines were the only print medium used by BMW last year, according to LNA, and totaled just under $3 million. A wide range of higher demographic as well as car-enthusiast books were used. Titles include *Condé Nast Traveler*, *M*, *Motor Trend*, *Time*, *Vanity Fair* and *Yachting*. ■

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Jack Myers

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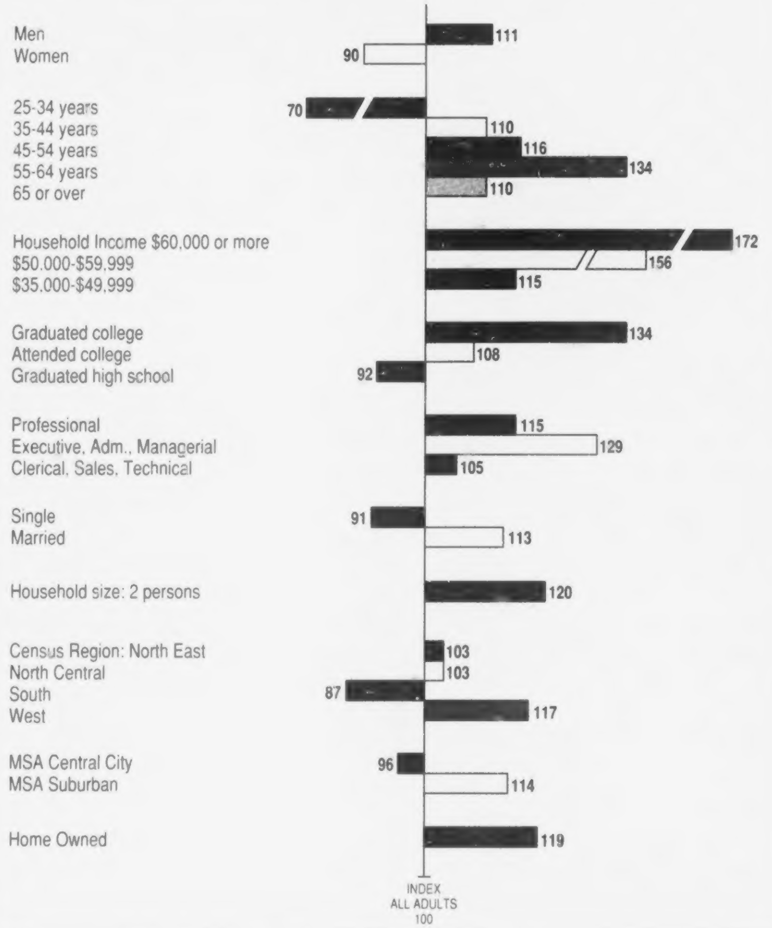
BRAND REPORT INDEX

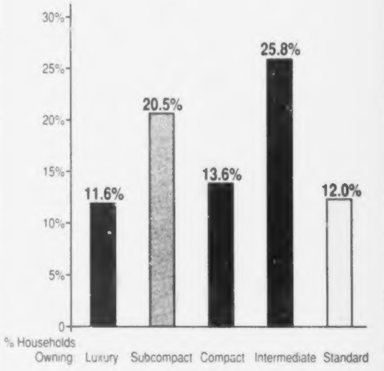
Luxury Cars

How to read: Our indices of user demographics and media preferences are used to indicate the direction and amount of difference from the average. The index of the average is, by definition, 100. Thus, an index of 112 reflects a 12% above-average incidence. An index of 89 indicates an 11% below-average incidence.

KEY DEMOGRAPHICS: LUXURY CAR OWNERS



SIZE OF CARS OWNED



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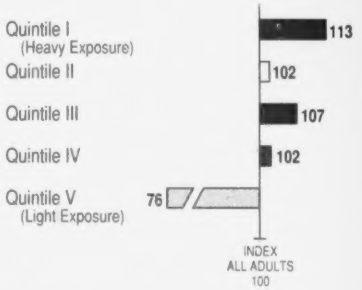

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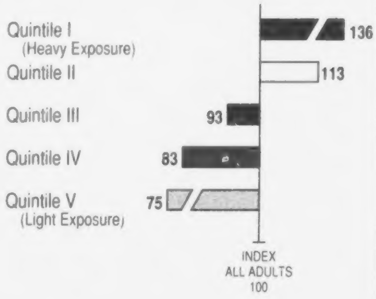
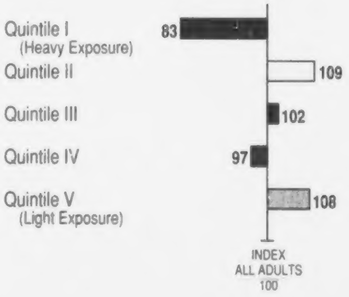
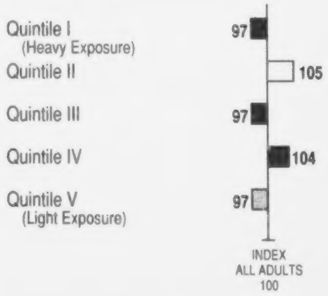


TELEVISION EXPOSURE



RADIO EXPOSURE



Source: Mediamark Research Inc., Spring 1989

Buy Lines: Agencies

In my work as executive director for L.I.A.N. (Leading Independent Agency Network), I've noted a definite trend for medium to large agencies to establish their media operations as separate profit centers handling media for non-clients. The L.I.A.N. agencies are typical of agencies in the $50- to $500-million range since our group includes leading independent agencies in major markets, such as New York, Los Angeles, Atlanta and Dallas.

There are two basic reasons for this trend. First, agency commission income is being reduced; and second, some media-buying services are making a handsome profit.

There's no question that many major clients are reducing their commissions downward from the former "standard" of 15%. The ANA found that many companies are operating at 10.5% or less, and my recent consulting work with five of the nation's top ten advertisers confirms the survey data.

Agencies need to make up the loss. But if they trim media departmental costs too low, their work will suffer and their clients will fall prey to media-buying services. The better alternative is to set up their department as a profit center by handling media work for other non-agency clients and even for noncompetitive agencies.

Client or not, some agencies want to buy your media; the buying services say, beware.

In the L.I.A.N. group of agencies, well over half are already in the process of doing just that. They are also going a step further by combining their media resources into a separate network-tv subsidiary headed up by Steve Auerbach of Ally & Gargano and by making regional buys for the other L.I.A.N. agencies in their home regions. Here's what several L.I.A.N. agencies feel about the concept:

Errol Dengler of Wyse Advertising in Cleveland launched a division known as Pinnacle Media in July 1988 and increased the agency's media volume with media-only clients. "One of the benefits of Pinnacle Media's success is that it enables us to reinvest the incremental dollars back into our media operation," he says.

Dawn Sibley, executive vice president of Ally & Gargano, New York, says that in addition to their network tv subsidiary, they began buying spot tv for political advertisers and for non-agency clients of the MCA Consulting Group. She acknowledges the advantages of the extra income, but also says, "This kind of work broadens the horizons of our media professionals and encourages an entrepreneurial spirit."

Jack Shubert, who has recently joined Earle Palmer Brown, claims, "There's no reason major agencies shouldn't be better at buying media than media-buying services — if they make up their mind to invest their income in building a stronger media department."

He should know, since for 20 years before coming to Earle Palmer Brown, Shubert was vice president and general manager of Advanswers, which was the first major agency-backed buying service. In fact, when Gardner Advertising, the parent company, folded last year, Advanswers announced several new clients and topped $300 million in capitalized fees.

And so it goes. The agencies I've been in contact with are enthusiastic about taking on media work for non-agency clients. Agency full-service clients should also welcome it, providing it doesn't detract from their work. And it shouldn't.

When I was at Ralston Purina, we worked with Advanswers, Ally & Gargano and several other agencies that performed media work for non-agency clients. We found these agencies did such a highly professional media job for us that we were pleased to see them build up their media departments to place even more media.

William M. Claggett is executive director of the Leading Independent Agency Network.

or Services?

Ad agencies have been critical of buying services since they first appeared on the scene some 20 years ago. Now that buying services are prospering and many agency media departments are in flux, some agencies' departments are trying to reshape themselves into structures that look suspiciously like buying services. One of their primary targets is other agencies.

I predict this effort will fail because of some very fundamental problems involving conflicts, confidentiality and logistics. Let's look at it from the client side.

You're a Midwestern company with a local ad agency, and you want to make a spot buy in the New York market. So your agency hands the project over to their affiliated agency in New York to do the buying. At that point, your costs, your buying criteria, your whole business becomes an open book to an outside agency.

Furthermore, if the New York agency has a conflicting piece of business, they can't do the buy. If they don't have conflicting business, it's a sign that they may not know your business or they're not big enough to do the buy effectively. So in that respect, the idea of L.I.A.N.'s "confederation" is somewhat self-defeating.

> **"Agencies face fundamental problems with conflicts, confidentiality and logistics."**

Now let's look at it from the agency's point of view.

You're a Midwestern advertising agency and your client wants to make a spot buy in the New York market. Are you really going to feel comfortable turning over your hard-won account to a third party? Are they really going to work as hard on the buy as they would on their own business? And when even the once-gentlemanly agencies have taken the gloves off and gone after one another's clients, are you really going to allow another agency to get cozy with your clients?

Even allowing that these obstacles aren't insurmountable, there's the added problem of billing and payment. With more than one agency now in the picture, things can get very complicated. And that means more room for mistakes. No wonder the issue has yet to be resolved on any kind of standardized basis.

What bears serious scrutiny are the reasons why agencies, in particular, are forced to take this action in the first place. By turning to other agencies for their buys, these shops are, in effect, confessing that they can't buy out-of-town markets as effectively as they'd like. Otherwise they wouldn't be looking for other people to do their buying for them.

Finally, there's the issue of getting the best person for the job. Agencies, particularly the larger ones, have become more volatile and less secure. Many veteran media people have merged, consolidated and squeezed dry to extract every last nickel for the all-important bottom line. Salaries have been crunched in the process. Under these circumstances, why in the world would an excellent planner, buyer or media director want to bet his or her future on such an agency?

Buying services, on the other hand, are booming. Most are being run by former advertising agency media people with the foresight to have seen the way the business was heading. And they've been able to attract talented media people away from the agencies.

Ethel Rosner is vice president/director of marketing and communication for Time Buying Services, New York.

POLL Research USA, Chicago, finds agencies would offer à la carte media services primarily to attract new clients.

1. Would your agency consider offering media services on an à la carte basis? (Base - 125)

Yes	86.4%
No	13.6%

2. If "yes," where would the work be handled? (Base - 107)

In the media department	96.3%
In a separate division	6.5%

3. What do you see as some of the possible advantages to such a system? (Check all that apply. Base - 114)

Attracting new clients	91.2%
Increasing the efficiencies in other departments	11.4%
Expanding the agency's base of services	75.4%
Other	4.4%

4. What do you see as some of the possible disadvantages? (Check all that apply. Base - 104)

Conflicts with existing clients	72.1%
Unbundling of agency services	30.8%
Blurring the line between agency and independent buying services	48.1%
Other	12.5%

5. If your agency offered à la carte media services, where would incremental revenues be placed? (Base - 104)

Back into media department	19.3%
Be absorbed into general agency	87.7%

6. To whom would your agency offer à la carte media services? (Base - 116)

Advertisers only	54.3%
Ad agencies only	.9%
Both advertisers and agencies	46.6%

7. Which types of media services should such a department offer? (Check all that apply. Base - 116))

Planning	96.6%
Buying	99.1%
Post-buy analysis	86.2%
Billing	67.2%
Media research	77.6%
Trafficking	56.9%
Other	5.1%

8. What do you feel should be the preferred method of compensation for these services? (Base - 115)

Fee	29.6%
Commission	14.8%
Hourly rate	18.3%
Combination	47.8%
Other	14.8%

ECONOMIC EYE

MAGAZINE AD SCORECARD

	Ad Pages March 1990	% change from March 1989	Dollars spent (000)	% change from March 1989
1. Skin care, Creams, Lotions and Oils	178.00	-24.0	7,784.8	-18.1
2. Lip and Eye Beauty Products	181.42	+4.3	6,436.8	-3.3
3. Scents and Fragrances	175.80	-4.4	5,387.7	+6.5
4. Facial Makeup Products	106.13	17.0	4,120.3	+33.5
5. Prepared Dinners and Entrees (including pizzas)	88.68	+140.8	5,542.0	+146.5
6. Liquor	443.44	+33.3	18,799.7	+34.6
7. Cigarettes	468.76	-29	27,137.6	-27.7
8. Soaps and Detergents	13.0	-65.8	926.0	-64.6
9. Passenger Cars, Domestic	448.45	-37.7	23,905.1	-33.6
10. Passenger Cars, Imported	310.22	37.9	17,722.0	+40.4

Source: Publishers Information Bureau as prepared by Leading National Advertisers.

MEDIA COST INDEX

(The Media Cost Index is based on unit costs, which are the end-product of circulation/audience and CPM adjustments. They do not represent the efficiency of a given medium, only the out-of-pocket costts.)

1985 = 100 ← 1989 → ← 1990 →

	June	% change	July	% change	Aug.	% change	Sep.	% change	Oct.	% change	Nov.	% change	Dec.	% change	Jan.	% change
Network TV																
Daytime	63	–14	71	–11	67	–9	76	-48	80	-28	82	+3	74	+0.8	78	+0.6
Nighttime	112	-8	125	+14	135	+14	120	+2	119	+19	124	+10	123	+12	129	+6
Spot TV																
Prime time	131	+5	132	+7	134	+7	117	-15	116	-9	128	+23	130	+1	–	–
Daytime	93	–0.2	107	+0.2	99	-1	94	-11	94	-12	98	-5	97	-1	–	–
Network radio	126	+8	121	+19	127	+15	127	+14	142	+8	139	+11	131	+10	173	+10
Spot radio	118	+17	–	–	–	–	112	+7	–	–	–	–	114	+4	–	–
Consumer magazines	123	+7	123	+7	123	+8	124	+7	123	+7	123	+5	123	+3	130	+7
Natl. Sunday magazines	130	+12	130	+12	141	+10	141	+10	141	+10	141	+10	141	+10	132	+2
Business publications	123	+6	123	+6	123	+6	123	+6	123	+6	123	+6	123	+6	128	+8
Newspapers	131	+6	131	+6	131	+6	131	+6	131	+6	131	+6	131	+6	138	+6
Outdoor	132	+8	132	+8	132	+8	132	+8	132	+8	132	+8	132	+8	132	+8

Notes: Percentage shown is relative change from the same month/period the year before.
*Revised

Pay cable and VCR penetration have reached all-time highs, 29.7% and 68.6% respectively, reports Nielsen.

Sources:

Nighttime Network TV- Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service.

Daytime Network TV- Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service.

Nightline Spot TV- Cost per average 30-second spot, 7:30-11p.m. Monday-Saturday and 7-11p.m. Sunday from Arbitron/Broadcast Advertisers Reports' Spot TV Service.

Daytime Spot TV- Cost per average 30-second spot, 10a.m.-4:30p.m. Monday-Friday from Arbitron/BroadcastAdvertisers Reports' SpotTV Service.

Network Radio- Cost per average 30-second radio announcement from BAR's Network Radio Service.

Consumer Magazines estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn.

National Sunday Mags estimate based on published (rate cards) costs of a page, four-color in the national entries.

Daily Newspapers estimate based on Newspaper Advertising Bureau report of SRDS costs per column inch of a sample of 784 newspapers weighted to represent the universe.

Outdoor Posters based on estimate prepared by Institute of Outdoor Advertising.

Spot Radio index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

Business Publications estimates based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications.

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JULY

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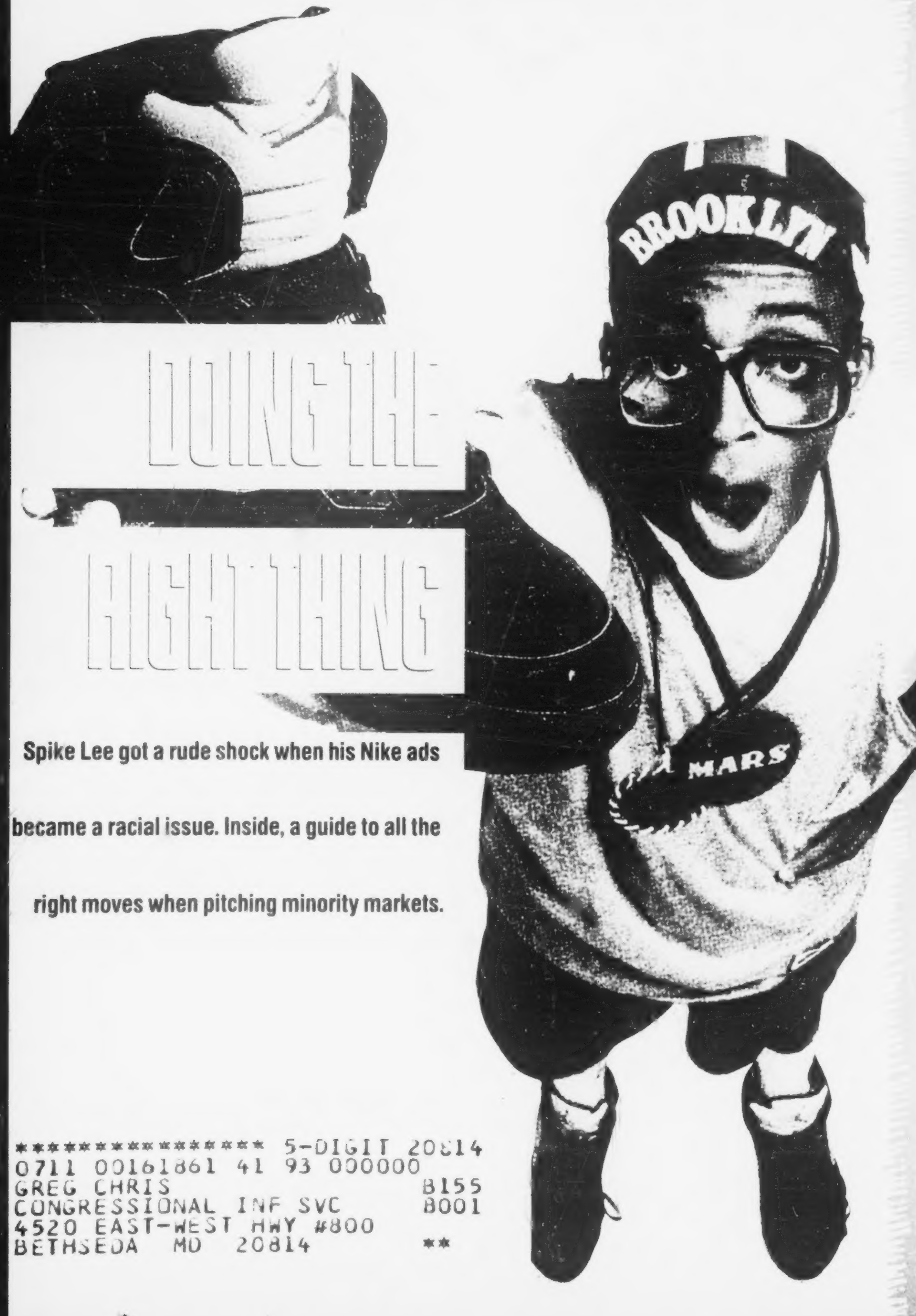

DOING THE RIGHT THING

Spike Lee got a rude shock when his Nike ads became a racial issue. Inside, a guide to all the right moves when pitching minority markets.

Big-Ticket Sports

Will advertisers pay the tab?

Newspapers '90

[illegible]

Brand Report:

Athletic Shoes

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0711 00161861 41 93 000000
GREG CHRIS B155
CONGRESSIONAL INF SVC B001
4520 EAST-WEST HWY #800
BETHSEDA MD 20814 **

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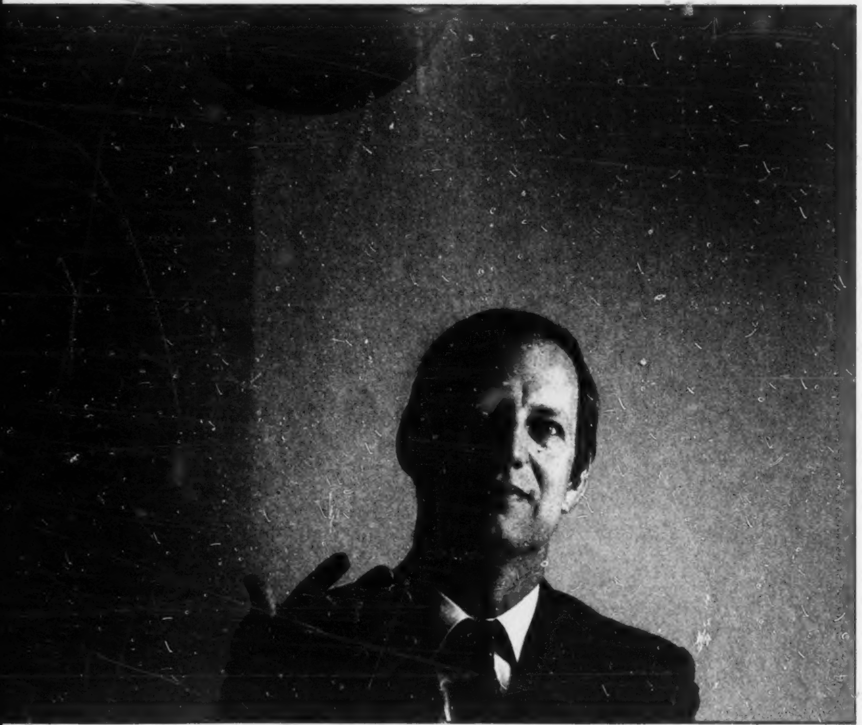

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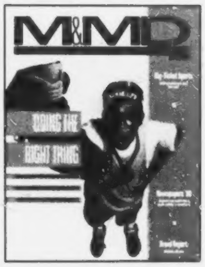


TV SPORTS: HERE'S THE SCORE

Big-ticket sports programing is going to have to beat the odds to get advertisers to foot the bill.

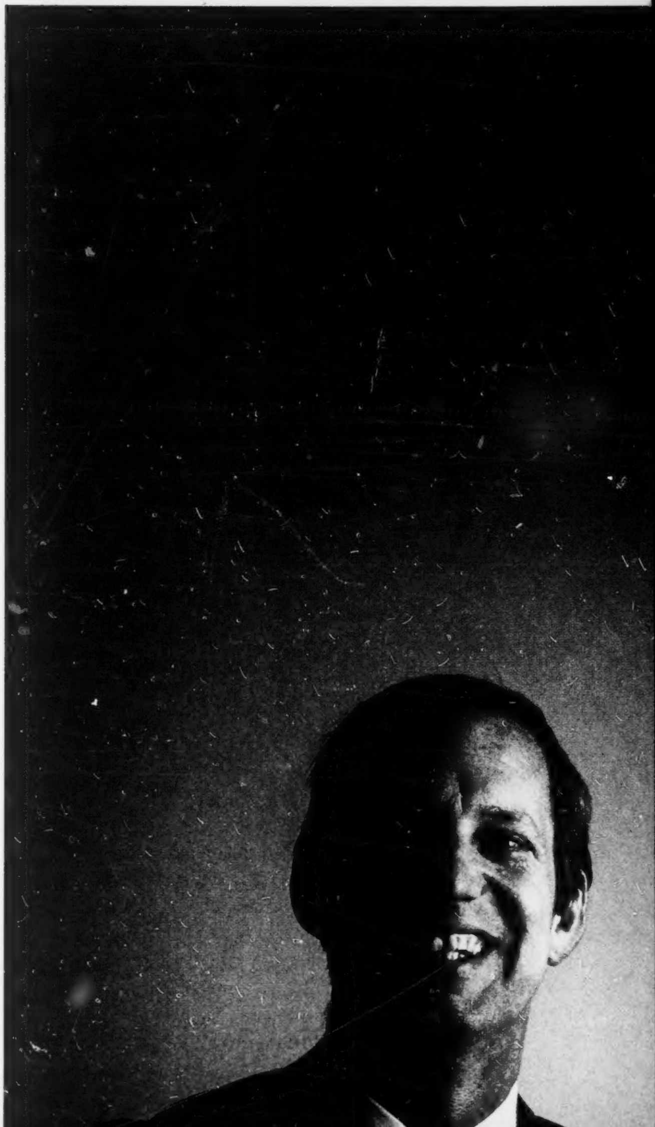
by Greg Clarkin

There's a story making the rounds that NBA commissioner David Stern has instructed the league's front-office personnel to drop to one knee and kiss the ring of any major television executive who happens by the league's office. No wonder, considering the staggering sums these execs paid this past winter for sports programing rights: $1.1 billion from CBS for Major League Baseball; $600 million from NBC for NBA basketball; and $950 million from ABC for football, plus $450 million each from ESPN and TNT for the NFL.

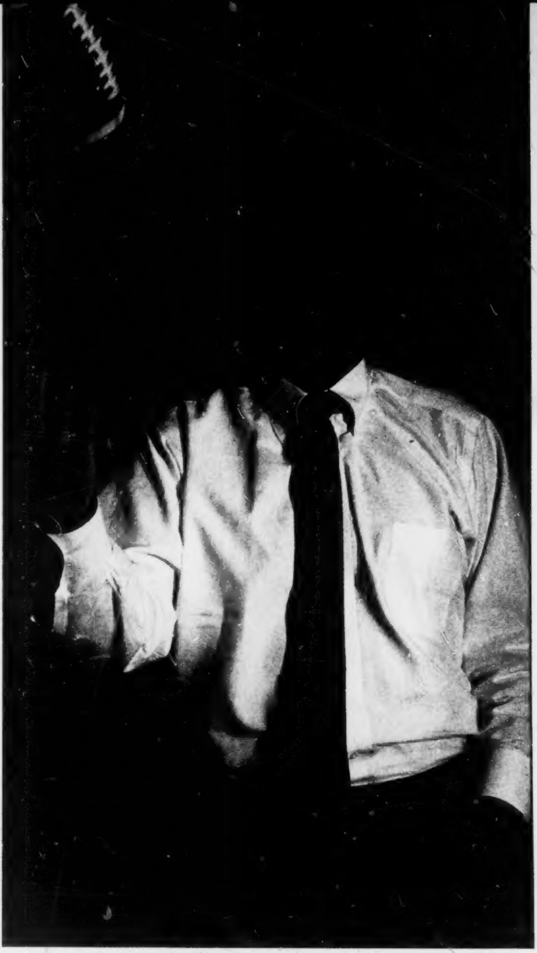
Between the rings and all that money, however, stand the advertisers, and in the contract years ahead, you're more likely to see the tv execs puckering up. They're the ones who must now convince some very cool advertisers that sports is still a hot enough buy to warrant footing the bill for television's extravagance.

With each passing deal, the advertising community has grown more and more alarmed by the fact that they're targeted by the networks and cable operations as the means to recoup those dollars. With the networks already asking for CPM hikes in the 15%-plus range, media departments are once again questioning just how high is too high for advertising rates on sports, and they're predicting a shakeout of advertisers who, fed up with higher rates, may seek exposure on other dayparts. "The rights fees have rejuggled the efficiency rankings of all the other dayparts," says Robert Ward, director of advertising services at the Miller Brewing Company.

In addition, efforts to woo more money from advertisers come at a time when viewer erosion, long a problem for prime-time programing, has rubbed sports ratings the wrong way. Numbers for the vast majority of sports are either slipping or barely holding steady, thanks in part to cable, which has diluted the sports audience with more viewing options. Basketball, the white-collar sport of choice, is holding steady, but football and baseball have seen their numbers slip.



Robert Ward of Miller is a sports fan, but he says rights fees have left the future up in the air.



Andrew French

Ally & Gargano's Steve Auerbach says the networks are making sure sports rates don't get too close to prime time.

On a smaller base, golf and tennis ratings have fallen dramatically, losing as much as 25% of their audience since the mid-1980s. Their upscale appeal still works in their favor with certain big-ticket items, yet categories such as financial services are hurting. These sports are considered especially vulnerable to ad cutbacks.

Steve Auerbach, senior vice president, director of network programing at Ally & Gargano, says while it definitely hasn't been a strong sports market, it's "more or less been business as usual, which is a surprise unto itself when you consider the rights fees." Auerbach believes cost hikes would be more dramatic if networks didn't fear a shift into prime time. As far as CPMs go, prime time isn't that far away from sports. "The networks are very aware of the fine line between prime time and sports," Auerbach says.

According to research from Bozell, the actual number of hours the broadcast networks devote to all sports remained relatively stable during the 1980s, but the overall hours of sports on television has increased substantially, bordering on a glut, thanks to cable. Also, Nielsen shows the broadcast mix has shifted to mainstream games (see chart). Meanwhile, ratings for almost all major sports slipping or holding even from 1984 to 1988. With some sports, the difference was slight, a 16.9 for *Monday Night Football* in 1984 versus a 16.7 in 1988. For others, the difference was more significant, a 10.3 for *Monday Night Baseball* on ABC in 1984 versus a 8.0 in 1988.

At the same time, household CPMs rose anywhere from $1 to $3 for the majority of sports, with some of the largest increases coming for *Monday Night Football* and Saturday afternoon college football. Bozell research also shows that viewer erosion would have been much greater had it not been for the increasing number of women tuning into sports during the last seven years. The NBA alone has been boosted by a 46% increase in women viewers since 1983.

Who's scoring with their packages varies by network. CBS apparently dropped the ball when it lost NBA basketball and grabbed baseball, a sport media buyers say traditionally has a tough time selling during the regular season. Ward at Miller says CBS is "substantially unsold" on its baseball coverage. The network's sales efforts also suffered from the baseball lockout this past spring.

John Nienhuis

Steve Sternberg, vice president, manager of broadcast research at Bozell, says CBS is "using baseball as a loss leader," with an eye on making up money in the postseason. It's reported that CBS is asking in the $25,000 range for a 30-second spot during the regular season. "CBS bought baseball primarily for the playoffs and the World Series," Sternberg says. "They're using baseball primarily to promote their fall line-up and appease their affiliates."

CBS has had some success in signing baseball sponsors, with GM and Toyota among the first to sign on. Anheuser-Busch also signed on for a year-long deal.

The irony is, when NBC lost Major League Baseball to CBS last year after 43 years, there were stories lamenting a broken tradition. NBC is now being credited for its foresight in grabbing the NBA instead. Many point out that basketball is the hottest sport at the moment, meaning it's holding steady in the ratings.

Thanks to advertising packages with beer and automakers, NBC has come close to recouping its entire rights fees for the NBA. The Miller Brewing Co. inked a $130 million, four-year deal for the NBA, and the network signed on a number of automakers who will be featured on a rotating basis with quarter exclusivity.

In terms of sheer number of games and advertising inventory to sell, perhaps no one has as big a task as ESPN. The sports cable giant is faced with the task of selling

THE PRE-DEAL WARM-UP

Even before the big deals were signed, the Big Three broadcast networks were upping their mainstream sports offerings. And this doesn't include cable.

NUMBER OF SPORTS TELECASTS BY NETWORK

	1985-86 Season			1988-89 Season		
	ABC	NBC	CBS	ABC	NBC	CBS
College Football	12	4	16	26	0	16
College Basketball	0	26	40	11	19	45
NBA Basketball	0	0	20	0	0	42
NFL Football	17	24	25	20	34	33
Pro Baseball	14	19	0	20	38	0
	TOTAL = 217			TOTAL = 304		

Source: Nielsen Television Index

approximately 170 Major League Baseball games this season. Jack Bonanni, ESPN's senior vice president of advertising sales, says they've surpassed the 70%-sold rate for baseball after initial slow going thanks to the baseball lockout, which cancelled most of spring training. ESPN is boasting of more than 110 advertisers signed on for the games, including Anheuser-Busch, Ford and AT&T.

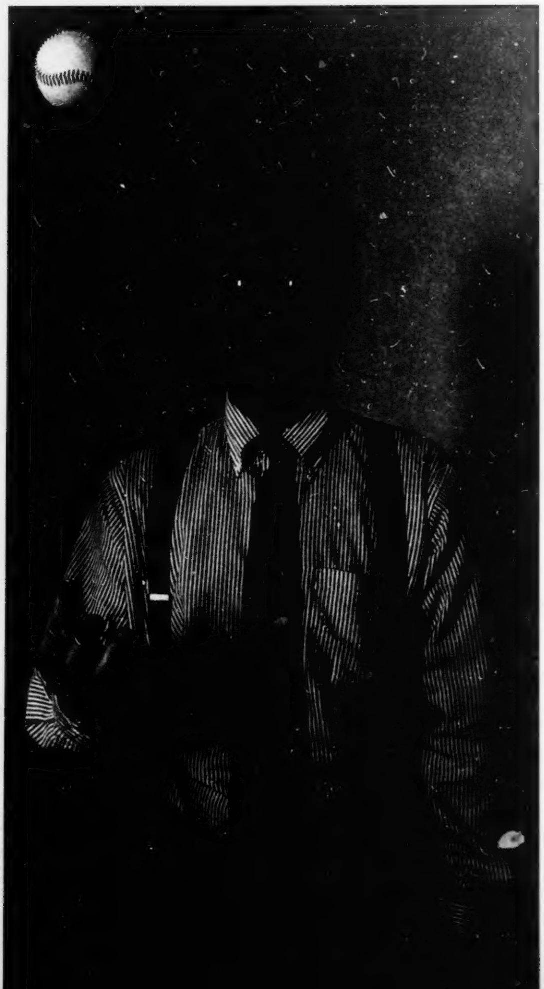
There have been some wrinkles in ESPN's game plan. It has had to lower prices somewhat while receiving a generally lukewarm reception from Detroit automakers and the airline industry — ESPN was initially asking $13,500 for their 30-second spots, a price that has reportedly gone as low as $10,000. As for the slow-moving auto category, Bonanni says they've made inroads with imports. Among those imports are Mitsubishi, Isuzu and Saab. ESPN has 40-plus units per game and is guaranteeing ratings of anywhere from a 2.5 to a 5, depending on the night of the week.

Football, too, has seen the rules of the game change. At press time, deals for the NFL were just getting underway and media departments were attempting to anticipate how TNT, which has football telecasts for the first time, would affect the equation. The NFL has cooperated with the networks by rearranging its schedule to add an additional week of football (and another wildcard game), giving the networks extra opportunities to bring in advertising revenues.

Current pacts with tv find NFL games next fall on all three broadcast networks, as well as on ESPN and TNT. ABC has its *Monday Night Football* season (17 regular season games): both NBC and CBS will offer approximately 30 NFL broadcasts each; and ESPN and TNT will broadcast a minimum of eight regular season games each. Rate hikes requested for the NFL fall anywhere from the 21% ABC is asking for its *Monday Night* games ($260,000 per :30) to an 11% increase ($125,000 per :30) requested by NBC. What they'll get, however, is another matter.

Chuck Fruit, vice president corporate media and sports marketing at Anheuser-Busch, says what advertisers are actually paying for NFL games isn't as alarming as the asking price. "We have seen what I'll term not-unreasonable increases," he says. "The networks realize a lot of categories are facing a tight year, and it's very difficult to justify any increase beyond 4% to 5% in CPM's." ■

Bozell's Steve Sternberg says baseball, a traditionally hard sell, is a loss leader for CBS.



Andrew French

CLOSER TO HOME

Regional sports networks — the home teams telecast to only the home sets — are touted by some as a solid vehicle to reach the hardcore sports fans in many major markets. "We think there's a definite role for the regional sports channels," says Chuck Fruit, vice president corporate media and sports marketing at Anheuser-Busch.

In some instances the regional networks "have become almost like a cable buy," Bill Miller, vice president and director of programing and network operations at Bozell, says. "I think they're definitely going to be more of a force in the future."

Paul Kagan Associates has charted the localized options' ad revenues from 1981 when they were $2 million to 1989 when they topped $74 million. Kagan predicts that figure will top $100 million this year and $317 million by 1995.

Presently, the two largest regional networks are the Dallas-based Prime Network and the Long Island-based Sports Channel America. Prime Network has programing affiliates in almost all of the country and says it reaches 18 million subscribers. Sports Channel America reaches some 9 million homes.

The attraction for a national advertiser is that a regional network, through its affiliate agreements with various teams, can produce a very specific audience. "We're able to give you spots throughout the NBA that are more efficient than a national NBA buy," claims Ed Frazier, president and CEO of the Prime Network.

One obstacle stunting the growth of such networks has been the complexities of just who has the rights to what. Frazier says to that end, Prime Network is "spending a lot of time, energy and resources as to how we work. But the buyer is going to have to do the homework to understand it."

NEWSPAPERS

THE NATIONAL NUMBERS

THE TOP 100 ADVERTISERS

Rank	1989 Investments (000)	1988 Investments (000)	Percent Change
1. News Corp. Ltd.	$247,450.1	272,056.5	−9.0
2. Valassis Inserts	226,653.3	203,170.2	11.6
3. Texas Air Corp.	72,208.6	82,197.2	−12.2
4. General Motors Corp.	55,653.5	83,250.6	−33.1
5. AMR Corp.	40,957.9	28,488.4	43.8
6. American Telephone & Telegraph Co.	39,715.0	30,329.8	30.9
7. Automobile Tires Local Dealers	37,436.5	35,229.3	6.3
8. Pan American World Airways Inc.	35,264.8	28,466.0	23.9
9. MCA Inc.	30,361.0	23,904.2	27.0
10. Warner Communications Inc.	30,149.6	32,734.0	−7.9
11. Philip Morris Companies Inc.	29,678.8	40,421.0	−26.6
12. Go Go Tours	29,353.2	22,835.3	28.5
13. Delta Air Lines Inc.	28,471.0	25,325.1	12.4
14. Trans World Airlines Inc.	28,179.6	27,640.0	2.0
15. Ford Motor Co.	26,725.7	24,468.3	9.2
16. Columbia Pictures Entertainment Inc.	26,403.7	24,930.2	5.9
17. NWA Inc.	25,408.1	10,445.9	143.2
18. Walt Disney Co.	24,627.9	23,967.3	2.8
19. Paramount Communications Inc.	24,066.4	26,773.6	−10.1
20. Daimler-Benz AG	21,414.5	21,027.1	1.8
21. General Electric Co.	20,925.5	26,541.7	−21.2
22. American Express Co.	19,316.5	29,943.3	−35.5
23. Elsinore Corp.	18,169.8	11,630.8	56.2
24. Goodyear Tire & Rubber Co.	16,663.2	—	—
25. USAIR Group Inc.	15,067.5	17,807.3	−15.4
26. CBS Inc.	15,054.4	13,236.7	13.7
27. Carnival Cruise Lines	14,508.2	15,992.2	−9.3
28. International Business Machines Corp.	14,302.0	17,157.6	−16.6
29. Sunflower Group	14,043.0	10,393.8	35.1
30. NYNEX Corp.	13,761.2	21,895.9	−37.2
31. Trump Organization	13,579.1	7,351.2	84.7
32. Holiday Corp.	13,407.5	14,753.2	−9.1
33. Capital Cities/ABC Inc.	13,143.2	13,839.7	−5.0
34. Chrysler Corp.	12,521.0	12,038.6	4.0
35. Orion Pictures Corp.	12,304.6	14,106.9	−12.8
36. Time Inc.	$12,243.4	12,319.2	−0.6
37. Bayerische Motoren Werke Aktiengesellsch	12,044.5	10,013.0	20.3
38. GTE Corp.	11,829.2	5,952.7	98.7
39. UAL Corp.	11,603.7	9,261.3	25.3
40. MGM/UA Communications Co.	11,500.9	17,567.5	−34.5
41. Apple Computer Inc.	11,302.3	3,785.5	198.6
42. Bridgestone Tires Local Dealers	11,295.4	9,866.3	14.5
43. Marriott Corp.	11,251.8	8,656.5	30.0
44. British Airways PLC	10,955.3	8,574.2	27.8
45. Hattori Corp.	10,839.0	6,701.7	61.7
46. Budget Rent A Car Corp.	10,804.7	8,696.7	24.2
47. Park Ridge Corp.	10,573.1	7,116.0	48.6
48. Dreyfus Corp.	10,525.2	4,136.7	154.4
49. United States Government	10,326.9	15,176.2	−32.0
50. Fidelity Management & Research Co.	10,325.8	4,474.9	130.7
51. British Aerospace PLC	10,002.9	5,454.7	83.4
52. General Host Corp.	9,588.8	9,589.8	0.0
53. Anheuser-Busch Cos. Inc.	9,536.4	8,379.3	13.8
54. Bally Manufacturing Corp.	9,536.0	8,436.7	13.0
55. U.S. West	9,448.9	4,921.6	92.0
56. United Artists Entertainment Co.	8,818.1	7,420.6	18.8
57. Southwest Airlines	8,549.2	9,354.4	−8.6
58. Chandris Cruises Inc.	8,447.9	6,183.7	36.6
59. Leather Center	8,301.6	5,824.3	42.5
60. Tribune Co.	8,024.8	9,503.4	−15.6
61. Honda Motor Co. Ltd.	7,883.3	3,395.1	132.2
62. Royal Caribbean Cruise Line Inc.	7,843.6	5,911.3	32.7
63. United Technologies Corp.	7,815.8	9,783.5	−20.1
64. Pleasant Hawaiian Holidays	7,790.6	8,356.5	−6.8
65. America West Airlines Inc.	7,786.8	4,546.5	71.3
66. Ahmanson HF & Co.	7,704.2	1,902.7	304.9

Rank	1989 Investments [000]	1988 Investments [000]	Percent Change
67. International Telephone & Telegraph	$7,669.1	7,159.8	7.1
68. Alamo Rent-A-Car Inc.	7,576.2	8,007.0	−5.4
69. Caesars World Inc.	7,519.6	8,834.3	−14.9
70. Texaco Inc.	7,357.4	4,460.9	64.9
71. Nutri/System Inc.	7,238.5	3,678.5	96.8
72. PepsiCo Inc.	7,229.4	5,965.9	21.2
73. Seaescape Ltd.	7,199.6	2,270.4	217.1
74. Advance Publications	7,141.3	6,659.1	7.2
75. Cineplex Odeon Corp.	7,081.2	6,067.7	16.7
76. Toro Co.	7,064.5	6,896.4	2.4
77. Peninsular — Oriental STM Navigation Co.	6,927.1	9,853.7	−29.7
78. Admiral Cruises Inc.	6,727.2	6,147.7	9.4
79. RB Industries Inc.	6,701.6	3,621.6	85.0
80. RJR Nabisco Inc.	6,679.1	11,199.1	−40.4
81. Hallmark Cards Inc.	6,598.8	7,986.3	−17.4
82. Volkswagenwerk AG	6,594.3	6,936.8	−4.9
83. Hilton Hotels Corp.	6,512.5	7,624.1	−14.6
84. Prodigy Services Co.	6,476.5	889.1	628.4
85. Toyota Motor Corp.	6,460.1	4,909.3	31.6
86. Mitsubishi Electric Corp.	$ 6,334.6	94.2	6624.6
87. Carlson Cos. Inc.	6,277.6	5,259.0	19.4
88. Ramada Inns Inc.	6,225.0	5,759.6	8.1
89. Ameritech	6,140.6	7,471.6	−17.8
90. Cellular One	6,104.2	6,825.8	−10.6
91. Sears Roebuck & Co.	6,086.8	2,867.3	112.3
92. AMC Theaters	6,065.0	6,011.1	0.9
93. Avis Inc.	6,011.8	8,211.2	−26.8
94. Oklahoma Publishing Co.	5,974.4	2,930.5	103.9
95. Showboat Atlantic City	5,905.6	3,796.2	55.6
96. Maytag Co.	5,852.9	6,420.8	−8.8
97. Club Mediteranee SA	5,839.2	3,748.3	55.8
98. National Railroad Passenger Corp.	5,780.2	2,878.7	100.8
99. Blue Shield of California	5,592.2	5,309.9	5.3
100. Egghead Software	5,557.8	5,833.7	−4.7
Top 100 Total	$1,833,947.9	1,728,197.0	6.1

Source: Leading National Advertisers/Media Records

THE CATEGORY NUMBERS

AD INVESTMENTS BY PRODUCT OR SERVICE

Classification	Newspaper Ad Expenditures		
	1989 $(000)	1988 $(000)	Percent Change
AIRPLANES, AVIATION ACCESSORIES, SERVICES & EQUIPMENT	**$ 2,679.0**	**2,554.3**	**4.9**
APPAREL, FOOTWEAR & ACCESSORIES	**11,316.6**	**11,842.1**	**−4.4**
Ready-to-wear	6,329.4	5,281.2	19.8
Underclothing, sleepwear & lounging apparel		1.4	
Footwear	4,865.3	5,884.3	−17.3
Accessories, notions & misc. apparel		351.2	
Hosiery	82.6	172.4	−52.1
Apparel fabrics & finishes	8.2	122.4	−93.3
Luggage & accessories incl. briefcases	31.1	29.2	6.5
AUTOMOTIVE, AUTO ACCESSORIES & EQUIPMENT	**881,758.1**	**818,956.5**	**7.7**
Passenger cars & vehicles	766,187.9	705,850.5	8.5
Trucks, vehicles & leasing	25,067.4	24,330.8	3.0
Motor homes, campers, rentals	$ 1,599.9	1,789.9	−10.6
Tires & tubes	$82,085.9	79,809.9	2.9
Automotive accessories, equip. & misc.	6,817.0	7,175.4	−5.0
BEER, WINE & LIQUOR	**31,992.0**	**30,083.9**	**6.3**
Beer	18,937.7	18,595.7	1.8
Wine	3,736.0	3,188.0	17.2
Liquor	8,992.2	7,982.1	12.7
Non-alcoholic prepared mixes & mixing ingredients	326.1	318.1	2.5
BUILDING MATERIALS, EQUIPMENT & FIXTURES	**56,523.7**	**57,055.4**	**−0.9**
Building materials & pre-fabricated homes	21,711.0	21,317.1	1.8
Building equipment, fixtures & systems	31,456.5	31,684.5	−0.7
Fences	275.7	443.7	−37.9
Protective coatings & finishes	3,080.5	3,610.1	−14.7

Classification	Newspaper Ad Expenditures 1989 $(000)	1988 $(000)	Percent Change
BUSINESS & CONSUMER SERVICES	**$1,405,519.2**	**1,330,980.1**	**5.6**
Engineering & professional services	536,624.3	531,502.9	1.0
Credit cards & travelers checks	8,079.7	14,306.3	−43.5
Schools & camps	99,787.0	86,873.7	14.9
Communications & public utilities	139,613.5	131,872.5	5.9
Financial	534,471.6	492,550.0	8.5
Government advertising	35,717.2	38,674.1	−7.6
Misc. corporate advg. (not classified)	8,955.8	4,223.3	112.1
Organization advg. (not classified)	41,525.9	30,177.3	37.6
Military equipment	744.2	800.0	−7.0
BUSINESS PROPOSITIONS & EMPLOYMENT RECRUITMENT	**2,424.8**	**2,568.0**	**−5.6**
Business propositions	2,143.1	2,265.8	−5.4
Employment recruitment	281.7	302.2	−6.8
CIGARETTES, TOBACCO & ACCESSORIES	**31,614.0**	**55,496.2**	**−43.0**
Cigarettes & tobacco	31,565.3	55,452.5	−43.1
Smoking access. & misc. smoking materials	48.7	43.7	11.4
COMPUTERS, OFFICE EQUIPMENT & STATIONERY	**92,016**	**59,978.8**	**53.4**
Computers & data processing equipment	71,108.1	38,445.8	85.0
Office machines & equipment	10,489.2	11,329.0	−7.4
Stationery & office supplies	6,925.4	8,416.1	−17.7
Computer software	3,493.3	1,787.9	95.4
CONFECTIONERY, SNACKS & SOFT DRINKS	**14,962.4**	**15,903.5**	**−5.9**
Confectionery & snacks	1,091.5	1,785.1	−38.9
Soft drinks & bottled waters	13,870.9	14,118.4	−1.8
DIRECT RESPONSE — ITEMIZED	**109,437.2**	**110,663.7**	**−1.1**
DIRECT RESPONSE — NOT ITEMIZED	**185.1**	**n.a.**	**n.a.**
DRUGS & REMEDIES	**108,619.6**	**92,134.2**	**17.9**
Medical equipment, appliances & supplies	420.0	708.8	−40.7
Physical culture	94,701.3	85,230.3	11.1
Medicines & proprietary remedies	13,498.3	6,195.1	117.9
ELECTRONIC ENTERTAINMENT EQUIPMENT & SUPPLIES	**10,991.1**	**9,023.1**	**21.8**
Electronic entertainment equipment	9,173.9	6,588.7	39.2
Electronic entertainment supplies	31.3	71.4	−56.2
Pre-recorded records & tapes	1,476.1	2,126.2	−30.6
Musical instruments	309.8	236.8	30.8
ENTERTAINMENT & AMUSEMENTS	**517,455.0**	**492,713.8**	**5.0**
Motion pictures	270,206.0	264,474.9	2.2
Amusements, events & misc. entertainment	204,841.2	187,858.9	9.0
Restaurants, hotel dining & night clubs	42,407.8	40,380.0	5.0
FOODS & FOOD PRODUCTS	**48,850.0**	**48,663.8**	**0.3**
Cooking products & seasonings	4,827.5	2,891.3	67.0
Prepared & convenience foods	14,061.6	12,515.8	12.4
Dairy products & substitutes	4,016.5	4,664.9	−13.9
Fruits, vegetables, grains & beans	3,687.3	3,592.6	2.6
Meats, poultry & fish	12,051.6	13,934.6	−13.5
Bakery goods (fresh, frozen, refrig.)	2,320.5	2,674.6	−13.2
Food beverages	6,051.3	5,162.0	17.2
Combination copy food & food prod. & general promotion	1,833.7	3,228.0	−43.2
FREIGHT, INDUSTRIAL & AGRICULTURAL DEVELOPMENT	**12,038.5**	**11,267.7**	**6.8**
Freight	7,638.1	6,305.3	21.1
Industrial & agricultural dev. (area)	4,400.4	4,962.4	−11.3
GASOLINE LUBRICANTS & FUELS	**25,821.6**	**21,280.7**	**21.4**
Gas, oil (transportation) & dealer services	23,327.7	18,386.7	26.9
Lubricants & fuels	48.6	n.a.	n.a.
Petroleum companies, general promotion	2,493.9	2,825.4	−11.7
HORTICULTURE & FARMING	**$ 49,883.8**	**48,892.2**	**2.0**
Garden machinery, implements & fixtures	21,725.8	22,400.6	−3.0
Seeds, bulbs & nursery stock	11,198.8	12,240.5	−8.5
Fertilizers & seed treatments	1,097.0	2,150.2	−49.0
Garden pest controls	1,510.8	853.2	77.1
Horticultural services & misc	14,251.9	11,247.7	26.7
Farming & livestock	99.5	n.a.	n.a.
HOUSEHOLD EQUIPMENT & SUPPLIES	**22,902.7**	**23,170.9**	**−0.1**
Major appliances	19,091.9	18,993.5	0.5
Small appliances & equipment	1,056.0	2,050.2	−48.5
Household access. & misc. supplies	1,672.7	1,176.7	42.2
Insecticides, disinfectants, deodorizers	1,082.1	950.5	13.8
HOUSEHOLD FURNISHINGS, SUPPLIES & MATERIALS	**42,612.5**	**36,964.6**	**15.3**
Dinnerware, glassware & flatware	404.3	241.2	67.6
Furniture & matresses	31,814.3	25,314.1	25.7
Floor coverings & fibers	4,882.0	6,635.0	−26.4
Household fabrics & finishes	3,905.7	3,385.9	15.4
Miscellaneous furnishings & access.	1,606.2	1,388.4	15.7
INDUSTRIAL MATERIALS	**7,716**	**9,012**	**−14.4**
Manufacturers materials & supplies	1,164.7	1,503.7	−22.5
Ind. machines, instruments, electrical components, fixtures & access.	6,551.3	7,508.3	−12.7
INSURANCE & REAL ESTATE	**334,045.4**	**306,434.6**	**9.0**
Life & medical insurance	30,522.7	28,997.3	5.3
Fire, casualty & other insurance	24,732.7	18,461.5	34.0
Real estate, brokers & developers	278,790.0	258,975.8	7.7
JEWELRY, OPTICAL GOODS & CAMERAS	**12,780.7**	**12,131.4**	**5.3**
Jewelry & watches	6,427.3	5,628.9	14.2
Optical goods, precision instruments	1,099.4	2,224.8	−50.6
Cameras & photographic supplies	5,254.0	4,277.7	22.8
MISCELLANEOUS, NOT ELSEWHERE CLASSIFIED	**12,242.3**	**10,696.3**	**14.5**
MISCELLANEOUS NOT ITEMIZED	**38,494.4**	**42,728.8**	**−9.9**
PETS, PET FOODS, SUPPLIES & ORGANIZATIONS	**4,307.1**	**3,809.9**	**13.0**
Pet foods	2,107.9	1,814.0	16.2
Pets & pet supplies	1,818.7	1,557.4	16.8
Pet organizations & shelters	380.5	438.5	−13.2
PUBLISHING & MEDIA	**248,347.5**	**220,020.2**	**12.9**
Books & music	39,999.1	40,017.1	0.0
Magazines, newspapers, newsletters & misc. media	6,247.4	4,548.2	37.4
Radio stations	22,075.3	22,099.5	−0.1
Television & cable television stations	180,025.7	153,355.4	17.4
RETAIL	**3,638,068.3**	**3,526,227.3**	**3.1**
Retail stores	2,217,448.6	2,136,664.7	3.8
Department stores	1,420,619.7	1,389,562.6	2.2
SOAPS, CLEANSERS & POLISHERS	**2,730.9**	**2,607.7**	**4.7**
Soaps & detergents	2,468.6	2,560.1	−3.6
Cleaners, cleansers & polishes	262.3	47.6	451.1
SPORTING GOODS, TOYS & GAMES	**6,958.6**	**7,823.4**	**−11.0**
Sporting goods	5,313.4	6,316.1	−15.9
Games, toys & hobbycraft	1,645.2	1,507.3	9.1
TOILETRIES & COSMETICS	**9,650.3**	**7,134.5**	**35.2**
Cosmetics & beauty aids	991.4	1,171.4	−15.4
Personal hygiene & health	2.352.5	3,844.1	−38.8
Bath toiletries & misc. toilet goods	39.1	23.5	66.4
Hair products	6,123.8	2,095.5	192.2
Personal care appliances	143.5	n.a.	n.a.
TRAVEL, HOTELS & RESORTS	**982,394.0**	**884,708.2**	**11.0**
Passenger travel	487,736.8	446,602.3	9.2
Travel services & tours	196,659.2	173,865.5	13.1
Resorts & travel accommodations	297,998.0	264,240.4	12.8
TOTAL	**$ 8,777,338.4**	**8,313,508.6**	**5.6**

Source: Leading National Advertisers/Media Records

BRAND REPORT

SHOEBOOM!

It used to be that all a pair of sneakers had to do was help you run faster and jump higher. Now they've got to make you fly . . . or at least make you look good while you try.

Sneakers have come a long way from canvas tops and gum rubber soles. Aspiring athletes are now tantalized by technological features like inflated air, encapsulated gas and energy return systems. Advertising and marketing strategies have gotten more sophisticated, too, as budgets swell and top athletes (a long list, including Bo Jackson for Nike, Joe Montana for L.A. Gear and Pat Riley for Reebok) lend their names.

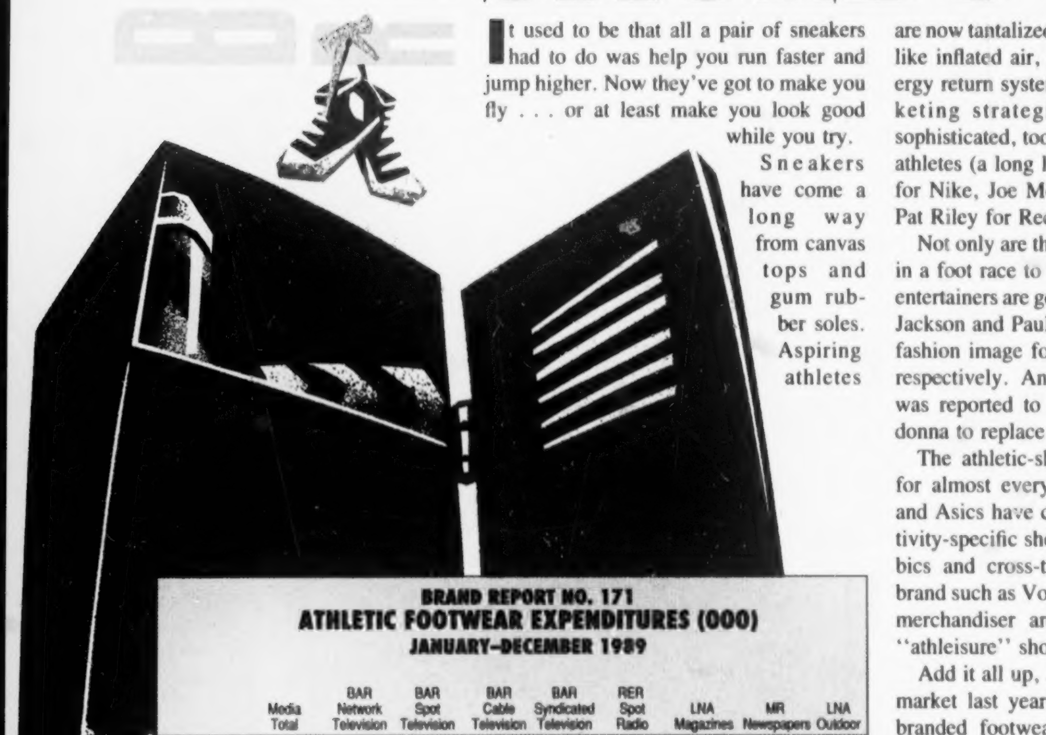
Not only are the athletic-shoe companies in a foot race to sign up athletic stars, but entertainers are getting into the act. Michael Jackson and Paula Abdul are reinforcing a fashion image for L.A. Gear and Reebok, respectively. And at press time, Reebok was reported to be negotiating with Madonna to replace Abdul.

The athletic-shoe market offers a shoe for almost every occasion. New Balance and Asics have carved out niches with activity-specific shoes such as running, aerobics and cross-training. Even a licensed brand such as Voit has its niche in the mass merchandiser arena selling polyurethane "athleisure" shoes for around $20.

Add it all up, and you get a $5.5 billion market last year (wholesale shipments of branded footwear), a 19.6% jump from $4.6 billion in 1988. That's a lot of bucks to fight over, and the main event is between Nike, with 26% market share, and Reebok, with 23%, based on 1989 estimates. They're followed by L.A. Gear with 13%, Converse with 5% and Avia with 4.2%.

In 1986 and 1987, Reebok had a big lead, with 30% and 31% shares versus Nike's 21% in '86 and 18% in '87. But Nike held a steady course of performance positioning, while Reebok tripped itself up with mixed messages of function and fashion.

While Nike and Reebok are now running neck-and-neck, L.A. Gear has been gaining ground through its strength in the men's performance market, which contributes about 35% to the company's volume. Originally a women's fashion line, L.A. Gear's sales jumped from $30 million in '86 to $70 million in '87, when men's shoes were



BRAND REPORT NO. 171
ATHLETIC FOOTWEAR EXPENDITURES (000)
JANUARY–DECEMBER 1989

	Media Total	BAR Network Television	BAR Spot Television	BAR Cable Television	BAR Syndicated Television	RER Spot Radio	LNA Magazines	MR Newspapers	LNA Outdoor
Nike	$33,331.2	$12,437.0	$1,023.3	$2,289.6	$3,428.0	$465,670	$13,191.7	$224.8	$262.1
Reebok	33,024.7	16,369.7	6,723.3	1,936.0	2,327.3	—	5,662.7	—	3.7
LA/ Gear	15,371.3	2,162.5	8,219.7	1,178.7	1,290.0	253,718	2,126.5	—	140.2
Converse	4,306.6	426.7	109.5	384.6	443.8	650,752	1,944.4	31.9	314.9
Avia	7,929.4	—	2,822.7	492.3	—	—	4,094.0	—	519.5

Sources: Arbitron's Broadcast Advertisers Report (BAR); Radio Expenditure Reports (RER); Leading National Advertisers (LNA); Media Records (MR).

by Brian Bagot

introduced. Sales in '88 soared to $223 million and last year cracked $600 million. Projections for this year have the company hitting the $1 billion mark.

In 1989, the top three brands accounted for 87% of the top five's $93.7 million total ad spending in the nine measured media tracked by Leading National Advertisers. Spending in 1990 will be less skewed to the top three, however, as Converse plans to spend $40 million on advertising and promotion.

The general target audience is 18-34-year-old males and females, and marketers reach them with a mix of sports and lifestyle tv programing and magazine titles. Sport-specific shoes are advertised on related media, as when Nike buys PGA Tour golf tv time and *Golf Digest* ad space for its line of golf shoes. Late-night tv is used to tackle the younger male portion of the target.

The female target is more diffuse and therefore harder to hit. Marketers rely heavily on print, using a mix of women's magazines ranging from *American Health* to *Vogue*. Some tv is used, including daytime and sports events like women's tennis.

Deciding whether to use a fashion or performance strategy, or both, is where the marketing path gets treacherous.

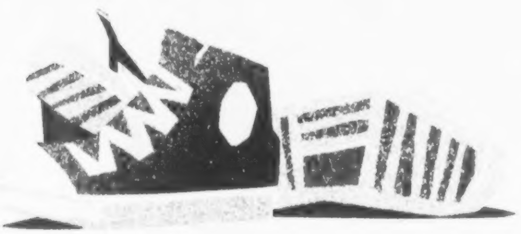


Illustration by Marty Braun

Deciding whether to use a fashion or performance strategy, or both, is where the marketing path gets a little treacherous. While Nike, Converse and Avia have built strong followings in the performance shoe business, Reebok and L.A. Gear have a fashion image. The latter two realize that in order to grow, they have to make an effort in men's performance shoes. So they have signed up some big-name athletes and developed performance-enhancing technologies, such as air-inflatable shoes.

The move has been somewhat of a Catch 22 for Reebok. Some consider its marketing a schizophrenic mix of fashion and athletic statements. Reebok counters that it needs to cover both areas since it's making shoes for everybody. Most recently, Reebok caused offense with its bungee jumping ad in which a Nike wearer apparently leaps to his death. After Chiat/Day/Mojo's re-editing failed to quell the criticism, the ad was pulled. Before that it was the surrealistic and ill-fated U.B.U. campaign that bounced right over the heads of most consumers.

"From an advertising point of view, Nike has clearly been superior and has a really well-thought out strategy," says Heidi Steinberg, an analyst at Salomon Brothers. "It seems that Reebok is struggling a bit and has to develop a consistent image."

Gary Patrick, senior vice president at Vitt Media, the buying and planning agency for L.A. Gear, says: "Reebok has been off track the last couple of years. They can't get their advertising message or image together. The media buys are scattered and not well focused."

Reebok's Steve Race, general manager of athletic footwear, defends the company's tack and the bungee ad. "We need to get through the advertising clutter in a very dramatic and impactful way and demonstrate the unique selling proposition of the product — that we give customized fit and support." The target for the performance shoe is a "real hard-core player, generally 18 or older." Reebok's air-inflatable Pump is its latest effort to concentrate on performance.

But 80% of the athletic shoes purchased are not used for the activity they're designed for, so the shoes' look apparently counts. And Race thinks one shoe can have both fashion and performance. "Fashion is a very important function of our performance shoes. And in fashion shoes, performance in terms of comfort is a very important element."

The industry has been under fire for creating very expensive shoes that, partly through the use of popular black role models in the ads, have become status symbols to black inner-city youths. Reports that kids have been killed for shoes, jackets and jewelry, or that kids choose drug dealing as a way to make money, have the media pointing the finger at marketers and spokesmen.

The two leaders in the athletic-shoe market vehemently deny that they are targeting inner-city youth. "We buy sports media almost exclusively," says Nike spokesperson Liz Dolan. "We make high-performance basketball shoes for high-performance basketball players. We use those players in our ads, which we primarily run on basketball programing. To me, that seems pretty logical." While Nike has a high image in the black community, it does not buy any minority media, she says.

"To suggest somehow that it's wrong to use black athletes because black kids are this unruly mob that won't be able to stop itself from stealing shoes is a racist position," she says. "To say that it's wrong for Michael Jordan to do this, but it's not wrong for Joe Montana is ludicrous."

In a move that may ease some tensions, Nike will be spending about $5 million of this year's media budget on ads featuring its stable of stars telling kids to stay in school.

Reebok's Race adds, "We are not more expensive than a Nintendo game and a couple of cartridges. The research to date suggests that people buying the product are in the target group it's designed for — the aspirational and performance athlete."

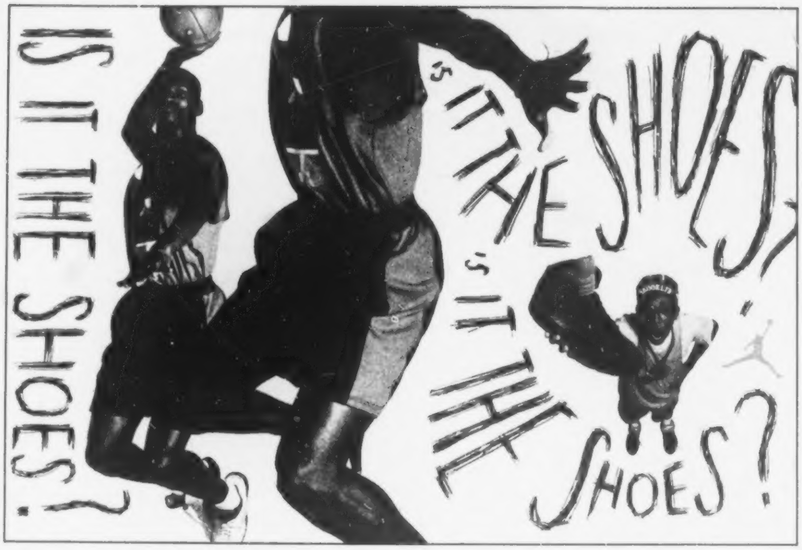
At 28% share of market, basketball shoes are the biggest segment of the athletic-shoe business, according to the Sporting Goods Manufacturers Association. The top-of-the-line air-inflatables currently have about 5% of the basketball shoe market.

Following is a closer look at how the leading brands are taking the ball and running through the athletic-shoe market.

Nike

Market leader Nike is sticking to the positioning it knows best — performance. "We think what differentiates Nike from Reebok is performance positioning and the technology of our products compared with theirs," says Bill Zeitz, sport advertising manager for Nike. The company offers a shoe for just about any athletic endeavor, including javelin throwing.

Nike's "Just Do It" campaign has been created to appeal to the athletic, ranging from someone looking to take another minute off her marathon time to a recreational jogger looking to stay fit. The ads are inspirational and tell the stories of the famous and not so famous as they just go out and do it. (Meet 80-year-old Walt Stack, who


IS IT THE SHOES?
IS IT THE SHOES?
IS IT THE SHOES?

Mars, a.k.a. Spike Lee, wonders if it's the Nike shoes that help Michael Jordan fly. You have to buy them to find out.

runs 17 miles every morning.) The "Bo Knows" tv flights illustrate the company's range of athletic shoes (for more than 20 different sports categories) as Bo Jackson jams a basketball, slams a baseball and pumps the iron, among other activities. Most of the advertising from Wieden & Kennedy, Portland, Ore., centers around sports programing and sports publications, although there are some general-interest titles used.

Nike was the top spender in 1989, with $33.3 million in the nine media measured by LNA. Most of the spending went to tv last year, with $19.1 million in that medium, according to Broadcast Advertisers Reports. Of that, $12.4 million went into network programing that included professional and college basketball, football, tennis, and prime time shows such as *Dear John*, *Who's the Boss* and *L.A. Law*.

"We use prime time to reach a broad base of adults and late night for a younger audience," says Zeitz. "Television acts as a brand umbrella at key strategic times of the year, such as back-to-school."

Cable spending totaled $2.2 million and supported almost every type of sporting event, including high-school basketball on ESPN. Syndicated tv got $3.4 million of the budget on shows that included *D.C. Follies*, *Arsenio Hall* and *Life's Most Embarrassing Moments*, according to Vitt Media International.

Below the tv campaign lies an enormous print effort that hit $13.2 million last year, according to LNA, and ran in a wide range of special-interest books, including *Glamour*, *Self*, *Tennis*, *Money*, *Bicycling* and *Weight Watchers*. Currently an ad for running shoes is running in *Sports Illustrated* and *People*, in addition to *Runner's World*, where the emotional satisfaction of the activity is highlighted in a series of spreads.

No advertising was done for Nike's Air Pressure, an air-inflatable basketball shoe, during the year, according to Zeitz, because "there's such a special nature to it, and we don't see it for really broad use." There are plans for another shoe using the same technology but at a price below Air Pressure's $175 price tag.

Reebok

After running in place for several years, Reebok is trying to get its advertising message on track with the help of new agency, Hill, Holiday, Connors, Cosmopulos, Boston. Chiat/Day/Mojo had the account for three years and will continue to handle Reebok's international advertising from London. The new brand campaign is currently in the works, and Reebok's general manager Steve Race says the first ads to break from Hill, Holiday will be in late June or early July.

Reebok recently reorganized its Reebok brand business in the U.S. into two units — performance and lifestyle. The charter for the lifestyle division is to come up with fashion statement shoes for females and teens. This allows the performance unit to concentrate on just that. Jocks including Atlanta's Dominique Wilkins, Lakers' coach Pat Riley, tennis champs Michael Chang and Arantxa Sanchez, and the PGA pro tour's Greg Norman have teamed up with Reebok.

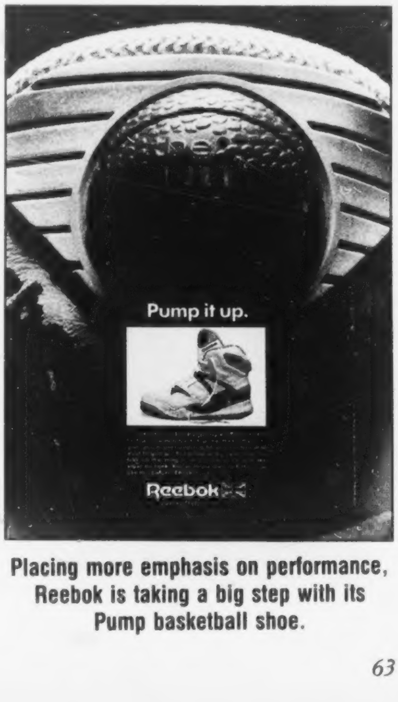
Another big step was budgeting $70 million for a promotion and "advertising explosion that's going to rock the footwear market all across the country." It began in February on the NBA All Star Game, followed by 90 days of commercials on network shows (*Roseanne*, *Growing Pains* and *20/20*), other sporting events, and cable networks such as Nickelodeon, MTV, BET and ESPN. Part of the tv strategy is to go beyond sports-specific programing, according to Race. Last year's total media investments tracked by LNA were $33 million.

With the pulling of the "Bungee" commercial, no tv spots are running. Shooting for its new campaign from Hill, Holiday is currently underway.

Two eight-page inserts, one for men and one for women, titled "Welcome to the '90s," ran in a variety of sport-oriented magazines, providing a high performance umbrella for the brand. The insert highlights the company's best shoes, focusing on performance enhancing features such as the Pump, Energy Return System, Hexalite and Energaire.

While tv ads for the Pump help develop an umbrella image of performance for the company, print gives Reebok the opportunity to target its 18-34-year-old athletic-oriented male and female. "In *Tennis* magazine, we can go to a hardcore tennis player," says Race. "With the electronics, we can get a brand image and a minimal message across. In print, we can do a lot more with the product, talk about features, benefits, technologies and differentiation between our product and competitive products."

To reach runners, Reebok will be buying space in *Track & Field News*, *Runner's*



Placing more emphasis on performance, Reebok is taking a big step with its Pump basketball shoe.

World, *Running USA* and *Women's Sports & Fitness*. Tennis enthusiasts will be targeted through *World Tennis*, *Esquire*, *Tennis*, U.S. Open Program Guide and *Sports Illustrated*.

Although tv will represent more than half of its ad budget, it's getting expensive and Reebok is exploring a variety of media that includes cinema advertising. "This is one that we've looked at and looked at very hard," states Race. "At this juncture there are some impediments, as people still boo the advertisers."

He also points out that the advertisers can't pick movies. "You buy screens and [get] whatever they're running for that time period. In that format it's not for us. We want to be able to target the audience a little more finely," he says.

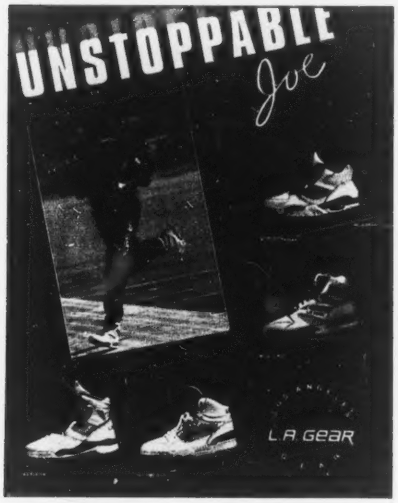
L.A. Gear

L.A. Gear is sprinting its way through the athletic-shoe market. Four years ago the company wasn't even on the map, and it now holds a 13% share.

L.A. Gear broke into the market with women's fashion athletic footwear and has grown by chipping away at Reebok's share. But the company realizes that to maintain growth, it has to jump into the men's performance arena with both feet.

"At this juncture we are planning our attack," says Gary Patrick, senior vice president at Vitt Media International, L.A. Gear's media-buying agency. "If we go into the sports area, we're going to be outspent by Nike. So it's a matter of doing it [media buying] a little more creatively."

L.A. Gear spent $21.5 million on athletic-shoe advertising last year, with $13.2 million going to spot tv and $4.6 million on network tv. Spots air on some sports programing, but most of the effort is in younger skewing programing during late night and prime time, including *Letterman*, *Saturday Night Live* and *The Simpsons*.



The Unstoppable L.A. Gear is pushing forward in men's performance shoes.

Patrick tries to stretch the client's dollar as far as he can and has gotten skits to revolve around the L.A. Gear commercial spot on shows such as *Letterman* and *Saturday Night Live*. "We don't dictate the content of any shows — the producers have that call," he says. "You scratch someone's back, you twist their arm, you throw money at them, and things get done. It's a matter of exploiting the media on behalf of the client."

To help get its performance message across, San Francisco 49er quarterback Joe Montana has been drafted for the company's "Unstoppable" campaign. L.A. Gear's in-house agency, L.A. Ad, produced 15- and 30-second motivational spots with Montana cross training mixed with three-quarter speed footage of him playing football.

Patrick realizes that Montana is going to have to throw quite a few passes before consumers receive the message of performance. "The industry perception is that we're developing performance-oriented shoes, but the consumer hasn't caught up yet," he explains. "To the consumer, they're comfortable shoes. They're stylish shoes." Other athletes in the company's stable include the legendary Kareem Abdul-Jabaar, the Houston Rockets' Akeem Alajuwan and Utah Jazz' Karl Malone.

The company's "Unstoppable" campaign targets not only performance-oriented consumers, but fashion-oriented women and kids. After all, it's still the fashion end that generates the big bucks. Even with performance shoes, only one in five are used for their intended sport. So L.A. Gear scored some points for fashion when it hooked up with Michael Jackson, who will go beyond being a spokesperson. "He's designing the shoes and is going to be breaking this June for back-to-school," says Patrick. "He's also going to get involved in apparel design as the company expands its base from a footwear company.

Jackson will bring big-name recognition to L.A. Gear across U.S. borders. Sandy Saeman, executive vice president of L.A. Gear, says, "He goes places that Joe Montana would never reach. He's [known] not only here but also abroad."

Print was heavily used last year at a cost of $3.5 million, according to Vitt Media, and encompassed both the fashion and the performance angles for men and women in major magazines, including *Playboy*, *GQ*, *Sports Illustrated*, *Mademoiselle* and *Cosmopolitan*.

Converse

At one time Converse was the only player in the basketball arena with its All Star. Now it's ranked number four.

But it's hoping to make a comeback. With the price of high-performance basketball shoes hovering around $100 (excluding higher priced air inflatables), Converse's new $80 Magic line offers all that's needed, according to Kathy Button, director of marketing communications. "We have an all-you-need type strategy. Anything more than that is excessive and the nightmare of every parent's life. Pretty soon people aren't going to be spending $175 for a pair of shoes. The moment is over."

WHO SAYS IT'S SO HARD TO REPEAT IN THE NBA?

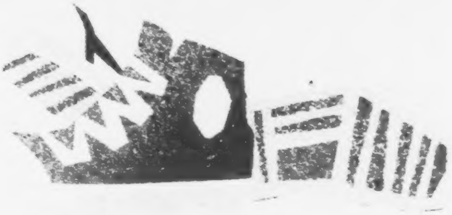
To help rebuild a strong corporate identity, the Converse logo is going to play a bigger role in ads.

The Magic line, named after L.A. Laker all-star guard Magic Johnson, is Converse's answer to Nike's Air Jordan. "Magic wears the shoes in his games, and if they're good enough for him to play in, they're great for any kid to play basketball in," Button says.

Converse also opened up the year with a barrage of advertising and promotion to introduce Magic. Last year, LNA tracked Converse's nine-media spending for athletic shoes at $4.3 million. This year, about $15 million has already been spent on prime-time tv alone on top-rated shows such as *Roseanne* and *The Wonder Years*. Other tv includes MTV and basketball, particularly Lakers games. The agency is Ingalls, Quinn & Johnson in Boston.

Currently, print is running in several books, the titles of which depend on what line is being advertised. *Sports Illustrated* is carrying Magic ads, while Evolo, a wom-

Nike has run to the head of the pack. Reebok is regrouping. L.A. Gear is a strong #3 that is quickly gaining ground. And lately, Converse is making a play.



en's line with Chris Everet as spokesperson, is running in *Self*, *Glamour* and *Cosmopolitan*. With the classic black All Stars now considered fashionable, *Rolling Stone* is a good buy. There's even a promotional ad planned to run in the magazine. All Star buyers will receive a cassette of David Bowie's song *Fame* free.

Although the current print buys are mostly mainstream titles, Button is looking to get into more sport-specific magazines. "In the future, we'll do more sport-specific magazines. We've been going to cable with things like tennis, but I think you'll see us try to go a little more into detail, particularly on performance lines" in sport-specific books.

Converse is the official shoe of the National Basketball Association, and makes a line of NBA shoes that sport team names and logos. It can also use the NBA logo in its advertising. Converse is also trying to build its corporate identity by restoring its logo prominently to ads.

Avia

Avia, a wholly-owned and autonomously operated subsidiary of Reebok, is a performance shoe company. Its ads read "For athletic use only," so no one's confused about it.

Targeting serious exercise enthusiasts 18-34, male and female, the brand isn't looking to be the official shoe of the Couch Potato Beer Drinking team. Seattle Sea Hawks linebacker Brian Bosworth and a host of other high profile athletes including Martina Navratilova and Robert Parish appear in the ads.

Magazine advertising took most of the budget, with $4.1 million going into health-and-fitness-oriented titles such as *Self*, *Sports Illustrated* and *Idea Today*, as well as *People*'s fitness issue. The budget is too small to go into general-interest publications, says Michael hoffman, senior vice president, director of client services at Borders Perrin & Norrander, Portland, Ore.

However, the company did deviate from its athletic-use-only strategy with a promotion with MTV and Carnival Cruise Lines that targeted college kids with a spring break fitness cruise contest. The contest offered 50 winners and their companions a cruise to the Bahamas and an appearance on MTV's spring break programing. Patrick Kipisz, vice president of advertising and promotions for Avia, said the promotion worked beyond expectations. There were more than 750,000 entrants. "It's the biggest promotion that MTV ever did," he says. "We'll do something like it again, but we don't want to repeat this. It won't be as good the second time around."

Last year, tv programing included sports on cable and spot buys on shows such as *The Wonder Years* and *Cosby*. Tennis tv programing was used primarily to target women. Total broadcast expenditures last year were $3.3 million.

But Avia is backing off from its use of television. None is expected to be used for the rest of this year and possibly next year, according to Kipisz. The emphasis will be in print.

Avia is going after the athletically oriented in sports and fitness books with a softer approach. Recently, an eight-page insert for its cross trainers ran in *Sports Illustrated* and *People*. It opens with the line, "It's nice to see people who enjoy their work," and depicts a professional man and women going through a variety of exercise routines. The closing line describes the cross trainers as ". . . the official shoe of the working class."

Avia's current ad campaign is softer than its predecessor, which told sedentary people not to buy the shoes. That rubbed some little more out of that campaign than there was," says Kipisz. "We said there are was," says Kipisz. "We said that there are certain people who are totally unconcerned about their health, and exercise is not a part of their lives. Those are the people who should not be buying Avia because they'll be buying more shoe than they need."

The campaign did get some extra mileage, however. By picking on smokers in one ad, they got negative responses from the tobacco industry and positive reaction from lung and cancer associations. "I would guess we got a 50% premium from the reaction of the tobacco industry defending itself, because they kept the issue alive," says Kipisz. "Our media dollars would have never stretched that far." ■

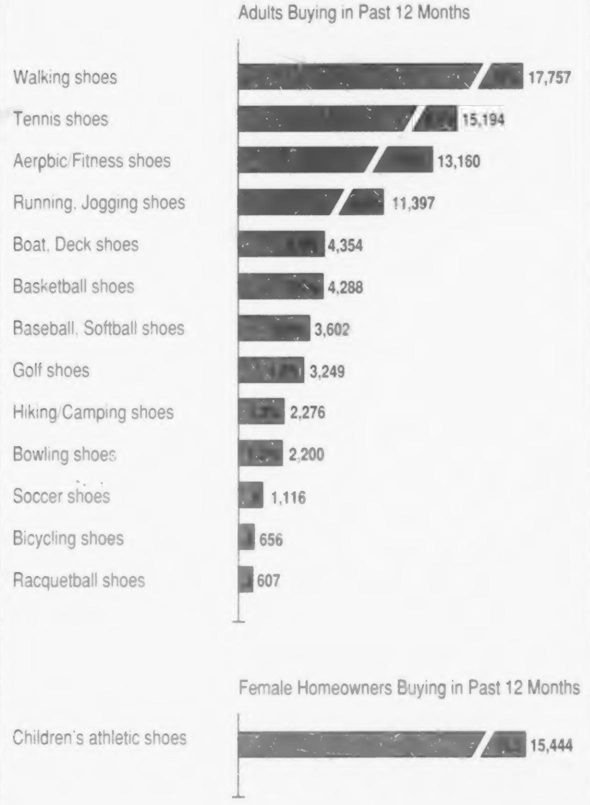
"If you won't pay the price, don't buy the shoe."
FOR ATHLETIC USE ONLY

Avia's campaign from Borders Perrin & Norrander stresses that the shoes are for "Athletic use only."

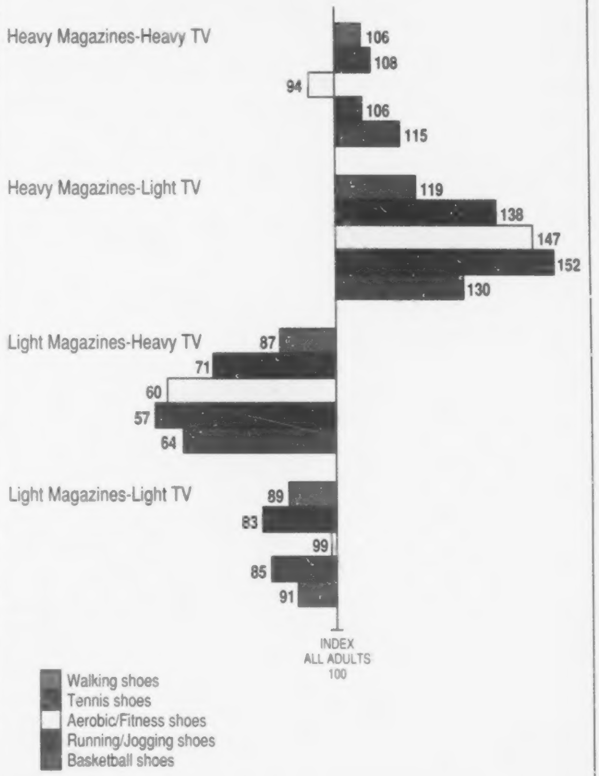
Athletic Shoes

How to read: Our indices of user demographics and media preferences are used to indicate the direction and amount of difference from the average. The index of the average is, by definition, 100. Thus, an index of 112 reflects a 12% above-average incidence. An index of 89 indicates an 11% below-average incidence.

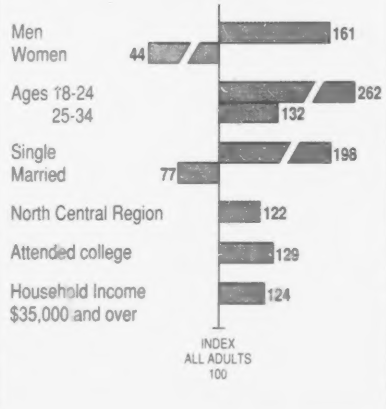
ATHLETIC SHOES



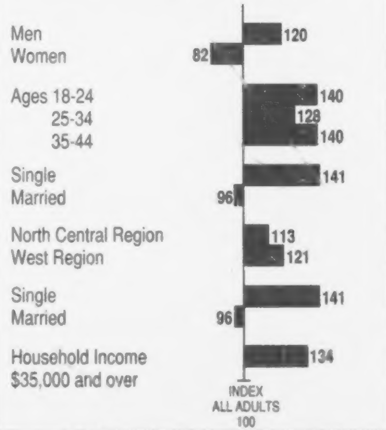
MEDIA EXPOSURE AMONG ATHLETIC SHOE BUYERS



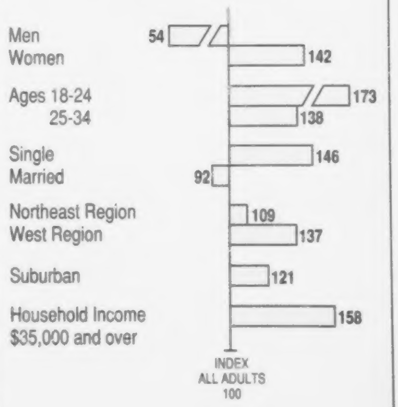
KEY DEMOGRAPHICS: BASKETBALL SHOES



KEY DEMOGRAPHICS: RUNNING/JOGGING SHOES



KEY DEMOGRAPHICS: FITNESS SHOES



Source: Mediamark Research Inc., Spring 1989

ECONOMIC EYE

MAGAZINE AD SCORECARD	Ad Pages April 1990	% change from April 1989	Dollars spent (000)	% change from April 1989
1. Skin care, Creams, Lotions and Oils	183.29	-36.6	7,018.1	-38.1
2. Lip and Eye Beauty Products	165.93	+2.6	7,166.4	15.2
3. Scents and Fragrances	408.08	56.7	12,851.7	48.5
4. Facial Makeup Products	124.25	59.7	5,608.3	73.8
5. Prepared Dinners and Entrees (including pizzas)	42.30	72.1	2,721.8	45.2
6. Liquor	454.56	23.0	2,605.4	32.8
7. Cigarettes	453.65	-37.9	28,709.2	-30.2
8. Soaps and Detergents	14.0	40.0	62.3	-9.0
9. Passenger Cars, Domestic	380.51	-48.4	22,802.2	47.1
10. Passenger Cars, Imported	308.41	54.7	18,556.1	68.6

Source: Publishers Information Bureau as prepared by Leading National Advertisers.

MEDIA COST INDEX

(The Media Cost Index is based on unit costs, which are the end-product of circulation/audience and CPM adjustments. They do not represent the efficiency of a given medium, only the out-of-pocket costs.)

1985 = 100	1989												1990			
	July	% change	Aug.	% change	Sep.	% change	Oct.	% change	Nov.	% change	Dec.	% change	Jan.	% change	Feb.	% change
Network TV																
Daytime	71	–11	67	–9	76	-48	80	-28	82	+3	74	+0.8	78	+0.6	75	+10
Nighttime	125	+14	135	+14	120	+2	119	+19	124	+10	123	+12	129	+6	131	+9
Spot TV																
Prime time	132	+7	134	+7	117	-15	116	-9	128	+23	130	+1	148	+5	130	+3
Daytime	107	+0.2	99	-1	94	-11	94	-12	98	-5	97	-1	122	+5	100	-16
Network radio	121	+19	127	+15	127	+14	142	+8	139	+11	131	+10	173	+10	157	+11
Spot radio	–	–	–	–	112	+7	–	–	–	–	114	+4	–	–	–	–
Consumer magazines	123	+7	123	+8	124	+7	123	+7	123	+5	123	+3	130	+7	131	+8
Natl. Sunday magazines	130	+12	141	+10	141	+10	141	+10	141	+10	141	+10	132	+2	132	+2
Business publications	123	+6	123	+6	123	+6	123	+6	123	+6	123	+6	128	+8	128	+8
Newspapers	131	+6	131	+6	131	+6	131	+6	131	+6	131	+6	138	+6	–	–
Outdoor	132	+8	132	+8	132	+8	132	+8	132	+8	132	+8	141	+3	141	+3

Notes: Percentage shown is relative change from the same month/period the year before. Newspaper figures reported for January and July only.

More children age 2-11 watch devotional programing than do teens, notes Nielsen. Oral Roberts is the kiddie preacher of choice.

Sources:

Nighttime Network TV- Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service.

Daytime Network TV- Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service.

Nightline Spot TV- Cost per average 30-second spot, 7:30-11p.m. Monday-Saturday and 7-11p.m. Sunday from Arbitron/Broadcast Advertisers Reports' Spot TV Service.

Daytime Spot TV- Cost per average 30-second spot, 10a.m.-4:30p.m. Monday-Friday from Arbitron/BroadcastAdvertisers Reports' SpotTV Service.

Network Radio- Cost per average 30-second radio announcement from BAR's Network Radio Service.

Consumer Magazines estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn.

National Sunday Mags estimate based on published (rate cards) costs of a page, four-color in the national entries.

Daily Newspapers estimate based on Newspaper Advertising Bureau report of SRDS costs per column inch of a sample of 784 newspapers weighted to represent the universe.

Outdoor Posters based on estimate prepared by Institute of Outdoor Advertising.

Spot Radio index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

Business Publications estimates based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications.

A LOOK AHEAD TO

AUGUST

ANNUAL MEDIA COSTS ISSUE

The most anticipated issue of the year provides an accurate medium-to-medium prediction of the direction ad costs will take in 1991.

BRAND REPORT: NATIONAL RETAIL CHAINS– MASS AND CLASS

An inside look at how large national retailers work with different media to promote specific brands, as well as retail images.

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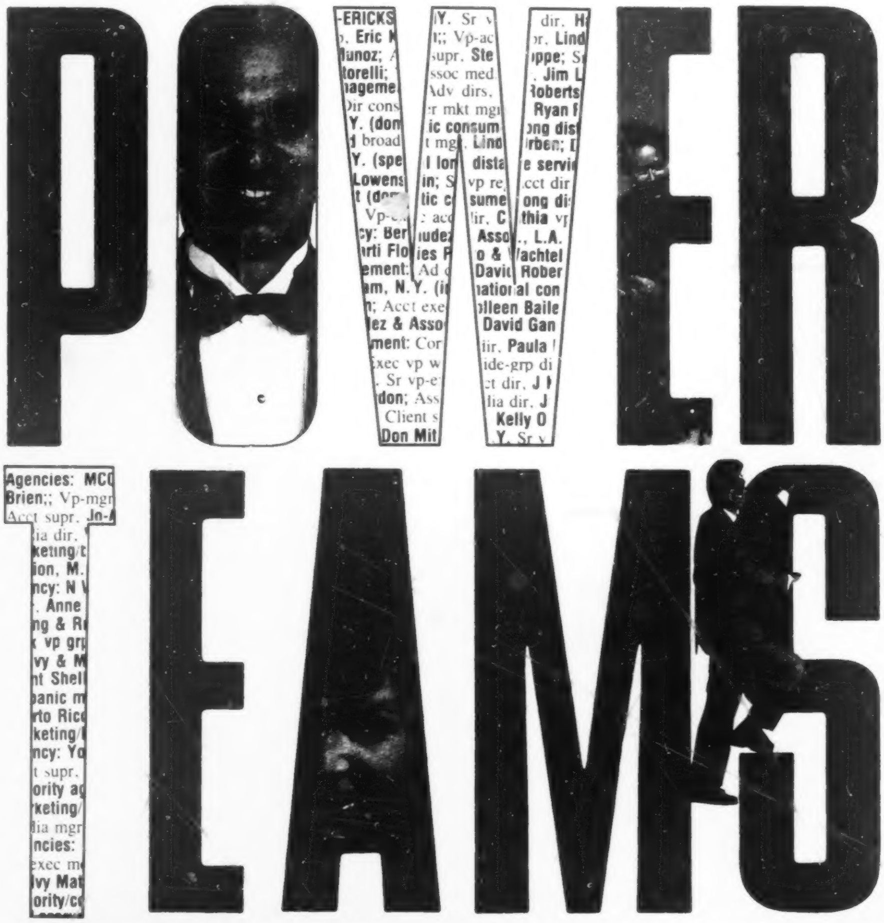
POWER TEAMS



THE PEOPLE WHO CONTROL AMERICA'S BIGGEST MEDIA BUDGETS

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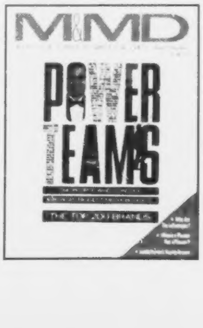
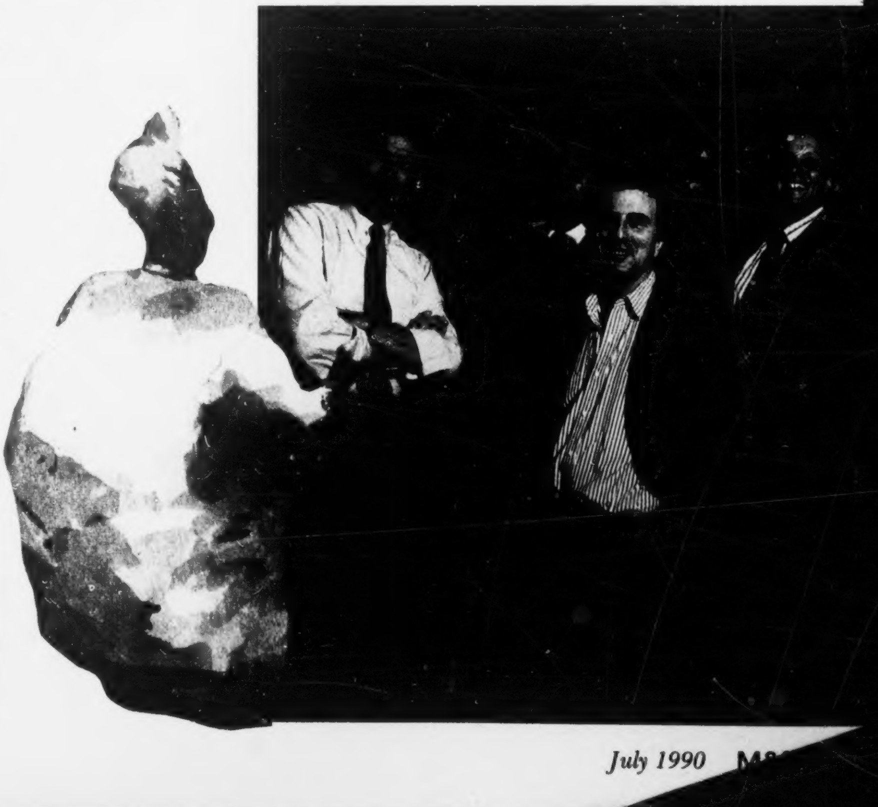


Cover Photography by: Jim Caccavo, Adam Chinitz and Maria Ferrari.



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When his or her plan includes buying considerations, such as value added. Buyers, meanwhile, are being asked to make tactical as well as cost decisions. It's enough to give you an identity crisis, causing confusion — and conflict. Now some department managers are out to do something about it.

Inside Perrier's Buying Review 28

The troubled bubblemaker has given a big boost to its ad dollars to reintroduce brand Perrier. The result is muscle, which the company is now out to maximize. In one of the most intense buying competitions on record, all buying has been consolidated at Young & Rubicam. Along the way, the review has set new standards for such contests.

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Marketing & Media Influencers 1990 31

Myers Marketing & Research and *M&MD* have undertaken a three-year tracking study of the marketing and media priorities, opportunities and problems as seen by mid-level professionals. In this first-year report, agency and client perceptions are compared and contrasted, and the findings are reviewed by our board of top advertising executives.

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Here's the most specific look available at the top-spending product and service advertisers in 1989. Included are comparisons with 1988, parent companies and breakouts by media for each entry.

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Who holds the purse strings of America's biggest-budget advertisers? The answer is found in this guide to the top 100 advertisers. Our exclusive listing details the corporate marketing management for each, the in-house marketing and advertising execs responsible for the individual entries and the agency teams assigned to each account. Talk about clout!

SALES PROMOTION

ANNUAL REPORT 1989: GROWING UP & OUT

by Russ Bowman

Sales promotion continues to outpace media in the race for marketing dollars.

Over the last five years, many have prophesied that promotional spending will level off as the marketing mix shifts back towards advertising. It still hasn't come true.

Our exclusive data shows that sales promotion continued to substantially outpace media expenditures in 1989.

Pinpointing the exact size of the industry is difficult because the vast U.S. marketing community doesn't always agree on just what constitutes sales promotion. However, Council of Sales Promotion Agencies (CSPA) considers the following to fit the bill: couponing; refunds and rebates; sweepstakes and contests; allowances; education programs; promotional PR; meetings; premiums and incentives; promotional packaging; point-of-purchase and display; and trade shows.

Using this definition, promotion expenditures were up by 9% in 1989, to $135.5 billion. (This does not include an estimated $24 billion for trade deals and allowances, over $5 billion on telemarketing and other promotional expenditures like promotional packaging.) Advertising expenditures for the seven basic commissionable media rose by 5% to $70.7 billion in 1989.

Several factors account for the greater acceptance of promotion: the growth of retailers' influence; questions about national advertising's effectiveness; an emphasis on short-term profits; shorter trial periods for

1989 ADVERTISING & PROMOTION EXPENDITURES*

Advertising	$(000)	1989 % of Total	% vs. Prev.	Total Yr.
Television	$25,478	36%	+	4%
Radio	7,906	11%	+	7%
Business Publications	2,763	4%	+	6%
Consumer Magazines	6,380	9%	+	10%
Newspapers	26,868	38%	+	6%
Farm Publications	212	**	+	8%
Outdoor	1,111	2%	+	4%
TOTAL	**$70,718**	**100%**	**+**	**5%**
Sales Promotion				
Direct mail	$21,945	16%	+	4%
POP/Display	18,474	14%	+	10%
Premiums & Incentives***	17,814	13%	+	8%
Meetings & Conventions	37,610	28%	+	12%
Trade Shows & Exhibits	8,844	6%	+	10%
Promotional Advertising	11,374	8%	+	5%
Print/AV/Miscellaneous	13,098	10%	+	10%
Coupon Redemption	6,320	5%	+	9%
TOTAL	**$135,479**	**100%**	**+**	**9%**

GRAND TOTAL **$206,197**
SALES PROMOTION = 65.7% SHARE
ADVERTISING = 34.3% SHARE

* Based on previously defined categories of marketing to establish consistent trend data.
** Less than 1% ***Includes sweepstakes, contests & games
Note: Full sources appear at the end of this article.

TYPES OF CONSUMER PROMOTIONS 5 YEAR COMPARISON OF USAGE LEVELS

Types of promotion	Percent of respondents in each year 1985	1986	1987	1988	1989
1. Couponing Consumer Direct	93%	91%	96%	92%	93%
2. Money Back Offers/Cash Refunds	85	85	87	85	74
3. Premium Offers	79	58	74	68	73
4. Sweepstakes	77	72	66	72	70
5. Sampling New Products	77	64	71	68	56
6. Cents-Off Promotions	78	70	69	74	64
7. Couponing in Retailers' Ad	56	45	57	63	63
8. Sampling Established Products	76	57	65	63	57
9. Pre-Priced Shippers	70	58	56	62	44
10. Contests	55	40	38	46	41

Source: *Donnelley Marketing Twelfth Annual Surveys of Promotional Practices* for 1985, 1986, 1987, 1988 and 1989.

new products; and increased acceptance of promotion agencies.

The point-of-purchase industry grew a healthy 10% last year to $18.4 billion, and is poised for greater strides in the '90s. Doug Leeds, president of Thompson Leeds, New York, foresees technological breakthroughs, a new emphasis on micro marketing and even POP that is "environmentally friendly," printed on recyclable paper.

Last year the $16-$17 billion premium/incentive business posted a 7.6% gain over 1988, according to *Incentive* magazine, which has collected data on the premium/incentive field by surveying over 3,000 companies since 1967. "The future direction is the lowest affordable price using value-added as an incentive," says Bruce Bolger, *Incentive*'s editor.

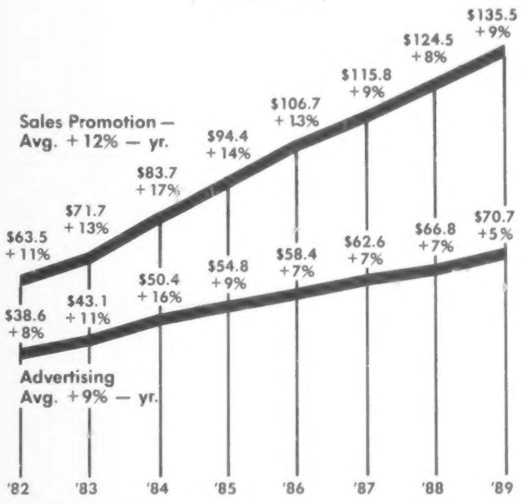
Media did see a faint glimmer of hope in 1989. Donnelley's annual *Survey of Promotional Practices* shows media's share of marketing dollars up for the first time in a decade, from 33% in 1988 to 34% last year.

Consumer promotion also gained ground after a four-year share slide, going from 25% in 1988 to 27% in 1989. Trade promotion was the big loser. For the first time in a decade, it lost share, dropping from 42% to 39%.

The larger trend, however, has promotion gaining ground at the expense of media. In 1980, media advertising got 43% of the budget, while trade and consumer promotions got 57%. In 1989, media got 34% to promotion's 66%.

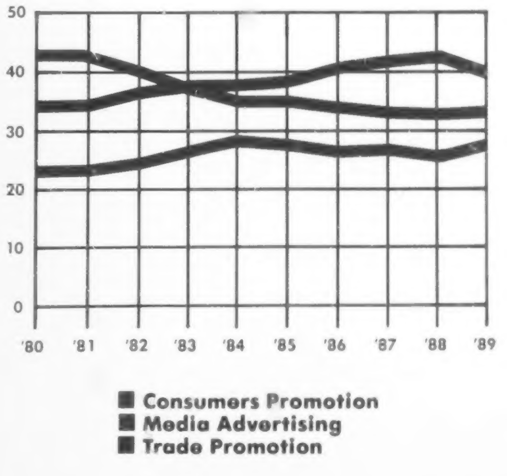
ADVERTISING AND PROMOTION IN THE '80s

Year-to-Year Growth
($ in billions)



Source: *Russ Bowman*
Note: Full sources appear at the end of this article.

ADVERTISING/PROMOTION ALLOCATIONS 1980-1989



Source: *Donnelley's Annual Survey*

Couponing continues as the most frequently used consumer promotion tactic for packaged-goods companies, according to Donnelley. Total coupon distribution growth remains fairly strong despite concern about coupon "clutter." Nielsen Clearing House estimates that use of coupons grew 8% in 1989. Free-standing newspaper inserts are the dominant medium for coupon distribution, with 77% distributed that way. Face values jumped to an average of 50¢ in 1989, an 8.9% gain over 1988, according to Carolina Manufacturers Service's annual "Industry Trends" report.

Some developments have not really created new promotional tactics, they have only updated existing ones. However, scanner-based frequent-shopper reward programs are a major improvement on the Paid Stamps/Green Stamps that were the rage in the '60s, and today most consumer product companies have at least one of these programs in test. Donnelley's survey showed that 81% of larger companies and 61% of smaller companies had some experience by the fall of 1989. A real breakthrough will come when the home computer and/or the tv set provides an interactive alternative to other media or delivery devices.

KEY CONSUMER-PROMOTION TRENDS

- More targeted promotions
- Increased co-op or "account-specific" tie-ins
- Greater use of hi-tech POP & direct mail
- Continuing concern over price vs. value added
- Expansion of frequency (loyal user) plans
- Longer term planning (but with flexibility)
- More group promotions & tie-ins
- Expansion of event/sports promotions

All in all, promotion has come a long way in the eighties. Advertisers are finally accepting that they need two primary sources; a smart, creative ad agency and a smart, creative promotion agency. ■

Sources (other than listed): *POPAI, DMA, McCann-Erickson,* Wolfman Report, *Trade Show Bureau, AT&T, NAB.*

THE TOP 200 BRANDS

What downturn? The Top 200 Brands laid out $9.9 billion last year, compared to the 1988 rankings' $8.2 billion. This detailed listing includes breakouts by media type. Leading National Advertisers supplied data on magazines, Sunday magazines (SMAG) and outdoor (OUT). Media Records supplied newspaper (NEWS) data. Arbitron's Broadcast Advertiser's Report supplied data on network tv, spot, syndication (SYN TV), cable (CATV NET) and network radio (NET RAD). RER provided spot radio data. All media breakouts are in millions; totals are in thousands. Compiled by Brian Bagot, Casey Davidson, Nancy Foster and Veronika Ullmer.

RANK	ADVERTISERS BRAND	PARENT	MAG	SMAG	NEWS	OUT	NET TV	SPOT TV	SYN TV	CATV NET	NET RAD	SPOT RAD	89 TOTALS (000)	88 TOTALS (000)	% CHANGE
1	McDonald's	McDonald's Corp.	—	—	0.4	5.9	252.1	140.9	17.4	7.2	—	6.7	430,632.0	404,951.8	+6
2	Sears	Sears Roebuck	3.1	4.3	123.1	0.4	102.9	35.3	1.8	5.0	36.9	32.1	349,099.5	209,054.2	+67
3	Burger King	Grand Metropolitan	—	—	0.2	0.9	112.2	35.9	13.4	3.5	3.8	8.9	183,435.7	161,310.9	+14
4	Kentucky Fried Chicken	Pepsico Inc.	—	—	—	0.2	63.6	48.6	—	3.5	1.5	0.3	117,746.4	100,523.1	+17
5	Macy's	Macy, RH & Co.	1.4	0.3	105.0	—	—	7.0	—	—	—	0.2	113,816.6	113,666.8	+0
6	Budweiser Beer	Anheuser-Busch	2.9	—	4.8	1.4	40.0	27.5	2.3	7.0	4.6	10.6	113,133.6	134,020.9	−16
7	American Express Credit Card Service	American Express Co.	15.0	1.2	5.0	0.1	50.0	15.9	4.0	1.7	0.1	4.8	97,790.5	98,713.7	−1
8	K Mart Stores	K Mart Corp.	10.6	6.4	15.4	—	7.0	2.8	0.3	0.7	12.1	10.8	96,971.0	94,858.4	+2
9	Pizza Hut	Pepsico Inc.	—	—	0.8	0.4	35.1	55.6	—	2.2	0.1	1.1	95,850.2	83,283.3	+15
10	American Airlines	American Airlines	9.7	1.0	40.3	0.4	10.5	18.1	—	0.3	0.5	13.6	94,531.1	101,205.8	−7
11	AT&T Long Distance Business	AT&T	14.1	—	—	—	71.7	5.2	0.5	2.1	—	—	93,629.4	45,677.5	+105
12	Wendy's Restaurant	Wendy's	—	—	0.1	1.4	47.9	36.5	3.8	2.7	—	0.6	93,108.3	86,836.4	+7
13	Delta Air Lines	Delta Air Lines Inc.	3.1	—	28.4	1.7	29.3	4.1	—	2.0	—	17.3	85,892.3	77,754.7	+10
14	United Airlines	United Airlines	10.8	0.2	11.6	0.8	40.6	9.9	—	2.5	1.6	—	84,746.4	71,937.9	+18
15	AT&T Long Distance Lines	AT&T	23.0	0.9	—	—	25.8	18.5	5.0	3.3	6.0	12.2	82,383.9	73,123.2	+13
16	Circuit City	Circuit City Stores	—	—	37.6	—	—	41.0	—	—	—	—	78,696.8	60,624.9	+30
17	Coca-Cola Classic	Coca-Cola Co.	0.3	—	2.1	0.2	35.1	23.3	7.5	1.6	0.2	3.6	74,006.6	68,304.6	+8
18	Miller Lite Beer	Philip Morris	3.1	—	0.4	1.2	40.4	13.3	1.4	2.8	1.3	9.4	73,987.0	78,305.3	−6
19	Taco Bell	Pepsico Inc.	—	—	—	0.8	—	58.3	—	—	—	10.5	69,947.2	70,253.6	−0
20	Budweiser Light	Anheuser Busch	0.9	—	0.2	0.5	25.9	15.1	0.6	6.3	0.9	4.6	66,920.4	81,346.5	−18
21	Pepsi-Cola	Pepsico Inc.	0.6	—	1.2	1.1	20.4	33.6	1.1	1.1	—	6.6	66,097.8	69,486.6	−5
22	Domino's Res.	Domino's Pizza Inc.	—	—	0.3	0.5	32.8	20.5	2.3	2.7	1.0	4.0	63,908.3	45,382.9	+41
23	Buick Cars	General Motors	3.2	0.2	1.9	0.2	40.8	2.0	0.8	0.8	11.7	—	63,880.6	24,523.9	+160
24	Diet Pepsi	Pepsico Inc.	0.5	—	2.0	—	21.2	33.0	—	0.4	—	3.2	60,340.5	48,19[illegible].0	+25
25	Toyota Camry	Toyota Motor Corp.	5.7	0.1	—	0.1	20.2	24.6	1.3	0.7	—	6.7	59,460.1	30,516.8	+95
26	Diet Coke	Coca-Cola Co.	1.3	—	0.6	—	23.6	22.8	4.9	1.7	0.1	2.9	58,224.2	55,507.3	+5
27	Red Lobster Inns	General Mills Inc.	—	—	—	0.3	44.6	9.3	2.7	1.0	—	0.2	58,142.7	85,399.7	−32
28	Suburu Legacy	Subaru of America	8.7	—	1.0	1.0	39.6	5.9	1.0	0.8	—	—	57,878.9	0.0	NA
29	7 Eleven	Southland Corp.	0.2	—	1.8	1.9	—	21.5	—	—	—	32.1	57,737.1	20,432.6	+183
30	Michelob Dry Beer	Anheuser-Busch	1.3	—	—	0.9	41.4	4.7	4.4	4.1	1.0	0.7	57,663.5	11,551.7	+399
31	Coors Light Beer	Adolph Coors Co.	0.8	—	0.1	1.4	22.0	19.8	5.5	2.2	—	5.2	56,950.6	57,249.9	−1
32	Northwest Airlines	NWA Inc.	8.2	—	22.2	0.2	15.9	1.4	1.3	1.4	—	5.6	56,915.7	40,297.4	+41
33	Highland (HH)	Highland Superstores Inc.	—	—	36.2	—	—	20.6	—	—	—	—	56,795.4	40,451.1	+40
34	Miller Genuine Draft Beer	Philip Morris	—	—	—	—	35.0	8.0	0.9	2.3	—	7.5	54,036.2	58,959.7	−8
35	Midas Muffler Shops	Midas Int'l Corp.	—	—	0.4	—	14.2	30.0	—	—	—	—	52,933.7	49,186.9	+8
36	Radio Shack	Tandy Corp.	0.4	—	29.7	—	12.6	1.4	1.1	0.6	5.6	0.4	52,004.8	44,233.4	+18
37	True Value Stores	Cotter & Co.	3.8	3.8	1.3	0.1	4.8	19.5	0.1	1.3	16.0	1.0	51,485.0	55,712.3	−8
38	JC Penney	Penney JC Co. Inc.	0.6	0.3	31.0	—	1.1	1.9	0.8	0.2	2.5	7.6	50,504.1	45,727.5	+10
39	Hyundai Sonata	Hyundai Group	9.3	—	0.2	0.5	24.3	10.2	3.3	0.6	—	0.2	49,143.5	5,044.6	+874
40	TWA Airlines	Transworld Airlines	4.9	0.4	28.1	0.4	—	12.3	—	0.1	—	0.8	49,067.4	48,094.2	+2
41	United Parcel Service	United Parcel Service of America	5.0	—	1.9	—	30.8	9.2	—	1.6	—	0.2	49,002.5	44,580.8	+10
42	Nissan Cars & Light Trucks	Nissan Motor Co. LTD	0.2	—	—	—	5.6	42.5	0.2	—	—	0.5	48,618.9	14,435.8	+237
43	Eastern Air Lines	Texas Air Corp.	0.4	—	36.8	0.2	0.9	5.0	—	0.1	—	5.8	48,562.6	52,455.7	−7
44	Lucky Food Stores	American Stores	0.1	—	23.4	—	—	15.6	—	—	—	7.8	47,954.2	47,081.4	+2
45	Continental Air Lines	Texas Air Corp.	1.8	2.6	34.0	0.9	1.0	5.9	—	0.2	—	1.4	47,879.7	50,895.4	−6
46	Ford Ranger	Ford Motor Co.	9.1	—	—	0.6	29.2	7.0	1.0	1.0	—	—	47,863.1	27,670.6	+73
47	US Army	US Government	6.5	0.3	1.1	—	23.2	—	4.1	2.5	6.7	—	47,833.3	50,837.1	−6
48	Honda Accord	American Honda	11.1	0.5	0.3	—	26.5	6.1	—	0.8	—	2.1	47,408.6	37,801.2	+25
49	Oldsmobile Cutlass	General Motors	0.2	0.1	2.0	—	39.0	2.3	2.5	1.1	—	0.7	47,373.2	30,122.1	+57
50	Hardee's	Imasco LTD	—	—	—	1.8	—	38.2	—	0.5	—	5.5	46,140.3	44,540.5	+4
51	Pontiac Grand Prix	General Motors	2.8	0.5	1.0	—	37.2	0.9	2.0	1.4	—	—	45,784.4	52,742.4	−13
52	AT&T Long Lines Overseas	AT&T Co.	17.4	1.2	—	—	12.8	12.1	0.9	0.3	—	—	44,661.3	24,422.7	+83
53	Kroger Food Stores	Kroger Co.	—	—	14.9	0.8	—	26.5	—	—	—	2.3	44,477.1	45,827.8	−3
54	Chevrolet Light Trucks	General Motors	10.6	0.2	1.1	—	23.7	5.3	1.1	1.0	0.8	—	43,921.6	47,421.0	−7
55	Pan Am Airlines	Pan American World Airways Inc.	—	—	35.2	0.6	—	5.7	—	—	—	2.1	43,830.5	42,349.3	+3
56	CBS TV Network	CBS/Broadcast Grp.	33.0	0.5	3.8	0.6	—	—	—	0.6	4.9	0.8	43,338.7	35,104.6	+23
57	Advil Pain Reliever Tablets & Caplets	American Home Products Corp.	4.0	0.1	0.1	—	33.9	1.7	1.4	1.8	—	—	43,068.6	43,618.8	−1
58	Kodak Film	Eastman Kodak Co.	12.5	0.6	0.3	0.4	24.3	0.5	3.2	1.3	—	7.7	43,022.4	34,446.1	+25
59	Chevrolet Lumina	General Motors	7.3	3.0	0.2	1.9	25.6	2.1	0.2	1.0	—	0.9	42,175.7	0.0	NA

RANK	ADVERTISERS BRAND	PARENT	MAG	SMAG	NEWS	OUT	NET TV	SPOT TV	SYN TV	CATV NET	NET RAD	SPOT RAD	89 TOTALS (000)	88 TOTALS (000)	% CHANGE
60	**Walgreen Drugs & Toiletries**	**Walgreen Co.**	**—**	**—**	**2.1**	**—**	**—**	**15.3**	**—**	**0.2**	**—**	**5.5**	**41,154.9**	**31,893.5**	**+29**
61	**Discover Card**	**Sears Roebuck**	**—**	**0.5**	**0.8**	**—**	**11.0**	**5.0**	**0.5**	**4.8**	**18.2**	**0.2**	**41,005.2**	**31,005.6**	**+32**
62	**Toyota Light Trucks**	**Toyota Motor Corp.**	**4.3**	**—**	**0.1**	**—**	**11.7**	**20.0**	**1.5**	**1.0**	**—**	**2.2**	**40,855.6**	**50,171.7**	**−19**
63	**Toys-R-Us (misc.)**	**Toys-R-Us Inc.**	**4.5**	**—**	**17.3**	**0.2**	**6.3**	**7.2**	**0.1**	**0.4**	**—**	**1.0**	**40,671.0**	**31,987.7**	**+27**
64	**Federal Express Air Cargo**	**Federal Express Corp.**	**5.8**	**—**	**2.7**	**—**	**22.7**	**4.6**	**—**	**0.6**	**—**	**2.8**	**39,163.4**	**52,432.3**	**−25**
65	Acura Legend	American Honda	10.4	—	0.2	—	19.0	5.0	—	1.1	—	1.1	37,588.7	38,837.8	−3
66	Hallmark Cards	Hallmark Inc.	2.0	4.1	6.6	—	20.2	1.1	1.4	0.5	—	—	37,240.5	38,349.5	−3
67	GM Parts & Service	General Motors	11.1	—	0.3	—	16.2	0.8	0.8	1.2	6.2	0.3	36,680.9	32,489.2	+13
68	Safeway Stores	Safeway Inc.	0.3	—	18.8	0.9	—	15.2	—	—	—	1.3	36,646.7	46,627.5	−21
69	Hyundai Excel	Hyundai Group	6.3	—	1.3	—	16.5	10.8	1.0	0.3	—	0.4	36,577.1	70,797.9	−48
70	**Acura Integra**	**American Honda**	9.1	—	0.1	—	19.0	5.2	—	1.1	—	1.1	**35,705.3**	**16,357.8**	**+118**
71	**Tylenol**	**Johnson & Johnson**	—	—	—	—	28.2	1.1	4.5	1.3	—	—	**35,415.1**	**40,164.0**	**−12**
72	**Nissan Maxima**	**Nissan Motor Co.**	3.9	—	0.6	—	9.3	19.7	0.5	0.4	—	14.5	**34,611.0**	**26,766.0**	**+29**
73	**Vons Markets**	**Vons Cos Inc.**	—	—	23.4	—	—	8.9	—	—	—	2.5	**34,520.9**	**36,527.0**	**−5**
74	**Mercury Cougar**	**Ford Motor Co.**	13.0	—	0.1	1.2	18.0	1.4	0.2	0.5	—	—	**34,448.4**	**11,301.4**	**+205**
75	Chevrolet S-10	General Motors	4.6	0.6	—	—	15.7	6.0	0.6	1.0	—	5.8	34,407.7	46,012.3	−25
76	Jewel Co. Inc. Food Stores	American Stores Co.	—	—	25.6	—	8.5	—	—	—	—	0.2	34,277.6	19,124.6	+79
77	Franklin Mint Collections	American Protection Ind.	16.6	16.4	—	—	—	0.6	—	0.6	—	—	34,199.9	36,477.7	−6
78	Mitsubishi Eclipse	Mitsubishi Motors	5.8	—	—	—	18.5	7.9	1.0	0.9	—	—	34,145.0	286.8	+11806
79	Chevrolet Cars	General Motors	13.9	—	13.2	13.2	0.3	0.9	0.3	0.1	—	—	34,110.0	47,284.7	−28
80	LensCrafters	US Shoe Corp.	0.6	0.3	1.1	0.1	4.9	26.5	—	—	—	—	33,906.5	33,906.1	+0
81	Franklin Mint Porcelain	American Protection Ind.	18.2	15.2	—	—	—	—	—	—	—	—	33,425.4	35,844.1	−7
82	American Dairy Assn/Milk Promo	American Dairy Association	—	—	—	0.2	5.9	18.7	3.7	2.3	0.2	—	33,407.1	32,355.8	+3
83	Miller High Life	Philip Morris	0.2	—	5.3	0.8	14.5	6.4	0.8	0.2	—	5.1	33,397.5	39,081.7	−15
84	Jack In The Box	Foodmaker Inc.	—	—	—	—	0.2	25.4	—	—	—	7.4	33,321.8	30,714.9	+8
85	NBC TV Network	General Electric	24.2	0.3	5.5	—	—	—	—	0.3	2.7	1.6	33,289.5	35,104.6	−5
86	Prudential	Prudential Insurance Co.	4.9	—	—	—	25.4	0.5	—	2.3	—	0.1	33,262.3	21,988.1	+51
87	Goodyear Tires	Goodyear Tire	10.5	0.1	15.5	—	3.7	0.2	0.2	0.2	—	2.2	32,556.8	23,765.2	+37
88	Mercedes Benz	Daimler-Benz AG	7.4	—	9.3	—	7.8	7.0	—	0.5	—	—	32,370.4	26,511.0	+22
89	Montgomery Ward	Montgomery Ward	—	—	25.2	—	—	4.4	—	—	—	—	32,368.8	29,187.6	+11
90	Dupont Stainmaster Carpet	E.I. Dupont de Nemours & Co.	3.7	0.7	—	—	26.2	1.1	—	0.5	—	—	32,177.3	31,961.9	+1
91	**Beef Industry Council**	**National Live Stock & Meat Board**	9.0	—	—	—	14.1	0.7	—	0.6	**6.9**	**0.6**	**32,108.4**	**30,240.8**	+6
92	**Citicorp Promotion**	**Citicorp**	8.7	—	—	—	**20.3**	0.9	0.1	1.9	—	—	**31,902.9**	**33,794.3**	−6
93	**IBM Gen. Promo.**	**IBM**	7.3	0.4	0.2	—	23.1	0.3	—	0.4	—	—	**31,793.9**	**33,227.9**	−4
94	**MCI Long Distance**	**MCI**	0.3	—	0.6	—	**25.5**	4.2	—	1.1	—	0.3	**31,725.4**	**29,138.9**	**+9**
95	Nutri/System	Nutri/System Inc.	1.7	—	7.1	0.4	—	21.9	—	—	—	—	31,153.5	27,626.7	+13
96	ABC TV Network	Capital Cities/ABC	26.6	0.3	2.3	—	—	—	—	1.3	0.3	—	30,795.5	37,244.2	−17
97	AT&T	AT&T	—	0.8	30.0	—	—	—	—	—	—	—	30,785.0	93,913.9	−67
98	Frosted Flakes	Kellogg Co.	—	—	—	—	20.5	6.0	—	0.5	—	—	30,669.1	32,204.3	−5
99	GM Cars & Light Trucks	General Motors	—	—	—	—	20.2	9.4	—	0.9	—	—	30,596.7	6,704.9	+356
100	Winn Dixie Stores	Winn Dixie Stores	0.2	—	3.7	—	2.0	21.9	—	0.7	—	1.9	30,561.0	36,985.2	−17
101	Cheerios Cereal	General Mills Inc.	4.2	—	—	—	9.1	15.2	0.4	1.6	—	—	30,459.2	26,641.5	+14
102	Duracell Batteries	Duracell Inc.	1.1	0.8	—	—	23.1	0.4	3.1	0.9	1.0	—	30,355.9	33,187.5	−9
103	Tropicana Ready-To-Serve Orange Juice	Seagram Co. LTD	0.1	0.2	0.2	—	16.1	6.0	6.7	0.4	—	—	29,754.1	9,827.7	+203
104	Busch Beer	Anheuser-Busch	—	—	—	0.2	17.3	7.3	—	2.4	—	19.9	29,632.5	32,263.2	−8
105	Geo Cars	General Motors	3.4	—	3.2	—	20.0	0.3	0.8	0.4	—	—	29,469.2	797.2	+3597
106	Pearle Vision Center (misc)	Grand Metropolitan PLC	5.8	—	3.2	—	—	16.6	—	3.5	—	3.1	29,375.9	31,987.7	−8
107	Eckerd Drug Store	Jack Eckerd Corp.	1.0	—	4.2	0.4	1.1	19.0	—	1.3	—	2.3	29,287.3	24,993.0	+17
108	Marlboro Filter	Philip Morris	2.4	—	—	26.6	—	—	—	—	—	—	28,953.4	29,053.1	−0
109	G.E. General Promo.	General Electric	0.3	—	—	—	20.6	6.4	—	1.4	—	—	28,892.1	38,069.9	−24
110	**Royal Caribbean Cruise Line**	**Royal Caribbean Cruise Line Inc.**	3.0	0.2	7.8	—	12.7	3.1	1.2	0.8	—	—	**28,790.0**	**22,209.7**	+30
111	**Lexus LS400**	**Toyota Motor Corp.**	4.3	—	2.4	—	18.5	3.3	—	0.1	—	—	**28,787.5**	**0.0**	**NA**
112	**De Beers Diamonds**	**De Beers Consolidated Mines**	14.2	—	—	—	13.1	0.7	0.1	0.4	—	—	**28,632.4**	**29,896.0**	**−4**
113	**Time-Life Books**	**Time Inc.**	10.0	—	0.3	—	—	7.7	3.2	7.3	—	—	**28,616.5**	**26,517.7**	**+8**
114	**Holiday Inns**	**Bass PLC**	1.3	—	7.2	2.8	12.8	4.0	—	0.3	—	—	**28,472.0**	**28,371.0**	**+0**
115	Ford Escort	Ford Motor Co.	5.5	—	1.1	—	15.6	4.0	1.0	0.5	—	0.3	28,157.7	29,534.4	−5
116	Nuprin Pain Relief Formula Tablets	Bristol-Myers Squibb Co.	0.6	—	—	—	19.9	2.1	3.8	1.8	—	—	28,109.9	24,787.9	+13
117	Giant Food Stores	Giant Food Inc.	—	—	27.5	—	—	0.5	—	—	—	—	28,077.2	24,234.0	+16
118	Head & Shoulders	Procter & Gamble	0.4	—	—	—	16.4	3.8	0.8	3.1	2.9	0.4	27,820.2	19,710.5	+41
119	Oil of Olay Lotion	Procter & Gamble	8.2	—	—	—	17.7	1.5	0.2	0.3	—	—	27,804.7	25,704.4	+8
120	Eveready Batteries	Ralston Purina Co.	—	—	0.1	0.2	17.8	7.3	—	2.4	—	—	27,740.0	19,847.1	+40
121	Toyota Cars & Light Trucks	Toyota Motor Corp.	—	—	—	—	6.9	19.0	0.3	0.3	1.3	—	27,688.5	28,579.4	−3
122	Newport Menthol	Lorillard Inc.	—	—	0.3	27.4	—	—	—	—	—	—	27,667.4	23,353.4	+18
123	Reebok Footwear	Reebok Intl.	0.3	—	—	—	16.4	6.7	2.3	1.9	—	—	27,637.0	23,433.4	+18
124	Upjohn Co. Promo.	Upjohn Co.	6.0	—	—	—	16.4	0.1	4.5	0.6	—	—	27,541.4	5,295.5	+420
125	AT&T Promo.	AT&T	0.8	—	—	—	25.1	0.3	0.3	0.4	—	0.2	27,429.5	93,913.9	−71
126	Alpine Menthol	Philip Morris	15.2	1.9	1.1	9.0	—	—	—	—	—	—	27,263.0	1,056.8	+2480
127	Tide Powder	Procter & Gamble	—	—	1.0	0.2	17.0	4.8	3.3	0.5	—	—	27,222.8	9,819.1	+177
128	Long John Silvers	Jerrico Inc.	—	—	0.3	0.8	—	25.9	—	0.7	—	0.1	27,124.6	26,705.5	+2
129	Home Box Office	Time-Warner	2.2	—	1.8	—	11.0	5.1	0.9	1.3	0.1	4.5	27,010.1	16,603.1	+63
130	IBM Personal System/2	International Business Machines	9.5	0.8	—	—	12.4	0.3	—	0.3	3.7	—	26,951.3	36,138.7	−25

RANK	ADVERTISERS/ BRAND	PARENT	MAG	SMAG	NEWS	OUT	NET TV	SPOT TV	SYN TV	CATV NET	NET RAD	SPOT RAD	89 TOTALS (000)	88 TOTALS (000)	% CHANGE
131	Michelob Beer	Anheuser-Busch	0.2	—	2.7	0.2	17.9	0.1	1.6	2.0	0.9	1.1	26,951.1	63,296.6	−57
132	Carlton Filter	American Brands	19.7	4.3	0.7	2.2	—	—	—	—	—	—	26,871.4	21,986.2	+22
133	Kelloggs Common Sense Oat Bran	Kellogg Co.	1.7	—	—	—	21.8	0.9	2.0	0.2	—	—	26,611.2	3,581.4	+643
134	USAir Airlines	USAir Group Inc.	—	—	7.8	1.8	8.3	6.2	—	—	—	2.4	26,543.0	17,472.9	+52
135	Hertz Rent-A-Car	Park Ridge Corp.	0.6	—	10.5	—	—	5.8	—	0.2	—	—	26,537.7	23,165.9	+15
136	Pontiac Grand Am	General Motors	0.6	—	0.6	—	22.7	0.7	1.3	0.6	—	—	26,530.1	20,469.9	+30
137	Geo Prizm	General Motors	3.2	0.2	—	—	13.2	7.5	0.7	0.8	—	—	26,264.8	0.0	NA
138	7 Up	Dr. Pepper/Seven Up Cos.	—	—	—	—	17.8	0.8	4.6	4.6	1.4	—	26,085.4	13,623.7	+91
139	Silo (HH)	Dixons Group PLC	—	—	16.3	—	—	9.7	—	—	—	—	26,076.9	19,401.6	+34
140	Tylenol Extra-Strength Gelcaps	Johnson & Johnson	0.9	—	—	—	20.4	1.2	2.7	0.8	—	—	26,060.6	15,664.7	+66
141	Subaru Cars	Subaru of America	—	—	0.5	—	17.3	5.1	—	0.4	2.6	—	26,030.2	29,349.5	−11
142	Arbys	Arby's Inc.	—	—	0.5	0.4	—	23.7	—	—	—	0.1	25,659.7	18,833.1	+36
143	Nutrasweet	Monsanto Co.	3.5	—	—	—	21.0	0.3	0.9	—	—	—	25,643.7	19,488.2	+32
144	Kleenex Huggies	Kimberly-Clark	1.6	—	—	—	20.7	0.9	2.3	0.1	—	—	25,602.8	25,848.9	−1
145	Campbells Soups	Campbells Soup	3.0	0.3	1.1	—	14.4	1.4	1.5	0.7	2.6	0.5	25,517.7	29,340.6	−13
146	Levitz Stores	Levitz Furniture	0.2	—	7.7	0.5	—	16.5	—	—	—	1.0	25,506.7	20,083.3	+27
147	Mervyns	Dayton-Hudson	—	—	23.3	—	—	1.8	—	—	—	0.3	25,420.1	30,456.1	−17
148	Norelco Mens Shavers	Philips NV Gloeilampenfabrieken	—	—	—	—	24.8	—	—	0.4	—	—	25,352.2	17,200.4	+47
149	Sizzler Restaurant	Collins Foods	—	—	0.4	—	—	24.2	—	—	—	0.7	25,334.4	23,500.3	+8
150	Disney World Parks	Walt Disney Co.	—	—	—	—	13.2	9.6	1.6	0.8	—	—	25,270.2	23,691.2	+7
151	Ford Promo.	Ford Motor Co.	0.2	—	—	—	21.1	0.1	0.1	0.2	3.5	—	25,207.5	28,117.4	−10
152	Coors Beer	Adolph Coors Co.	0.1	0.1	1.0	1.8	7.8	8.8	1.6	0.4	—	3.5	25,086.3	28,832.3	−13
153	Merit Filter King	Philip Morris	24.1	—	0.8	0.1	—	—	—	—	—	—	25,028.3	24,447.4	+2
154	Folgers Coffee	Procter & Gamble	—	—	—	—	17.8	5.9	0.3	0.5	—	0.8	24,976.2	7,160.7	+249
155	US PS Express Mail	US Government	6.7	—	—	—	2.9	13.4	—	—	—	1.8	24,904.9	27,271.4	−9
156	Coors Extra Gold	Adolph Coors Co.	0.2	—	—	0.3	7.3	10.9	2.1	0.7	—	3.3	24,825.3	31,740.5	−22
157	Ultra Slim Fast	Thompson Medical	2.6	1.1	0.6	—	15.8	0.4	3.4	1.0	—	—	24,809.9	72.7	+34026
158	Century 21	Metropolitan Life	1.5	—	1.9	—	16.5	1.3	—	1.0	—	2.5	24,797.2	28,675.1	−14
159	Toyota Celica	Toyota Motor Corp.	5.3	—	0.2	0.1	12.8	5.1	1.0	0.3	—	—	24,794.9	10,791.4	+130
160	Dodge Spirit	Chrysler Corp.	9.2	0.1	—	—	10.5	1.5	0.1	0.5	2.7	—	24,619.8	0.0	NA
161	Florists Transworld Delivery Assoc.	Florists Transworld Delivery Assoc.	1.0	—	3.4	—	17.9	—	—	0.2	2.0	—	24,595.4	20,701.7	+19
162	Wrigley's Extra Sugar Free Gum	Wrigley Wm Jr. Co.	1.4	0.6	—	—	11.2	6.4	3.7	1.3	—	—	24,528.4	21,398.7	+15
163	Chevrolet Beretta	General Motors	5.5	0.5	0.1	—	12.0	4.0	1.1	0.5	—	0.9	24,479.5	19,970.0	+23
164	Honda Civic	American Honda	8.2	0.1	—	—	13.3	1.6	—	0.6	—	0.6	24,344.6	23,292.6	+5
165	Canon Copiers	Canon Inc.	13.6	—	0.1	—	8.5	1.7	—	0.4	—	—	24,294.3	19,451.2	+25
166	Amtrak Passenger	Amtrak-National	2.5	4.1	5.6	0.3	—	11.1	0.1	—	—	0.4	24,053.7	23,154.8	+4
167	Color Tile	Knoll Holdings Inc.	—	0.1	5.8	—	16.4	0.6	0.8	0.3	—	—	24,023.6	19,424.9	+24
168	US Sprint Long Distance	United Telecommunications Inc.	1.0	—	0.7	—	18.8	0.5	3.0	0.1	—	—	23,987.9	17,648.9	+36
169	General Foods Intl. Instant Coffee	Philip Morris	2.9	—	—	—	10.6	4.7	3.7	0.5	1.6	0.4	23,975.5	25,484.3	−6
170	Publishers Choice books	National Syndications Inc.	0.2	23.7	—	—	—	—	—	—	—	—	23,906.9	21,674.7	+10
171	Corn Flakes	Kellogg Co.	—	—	—	—	21.2	0.8	1.7	0.1	—	—	23,872.7	24,230.1	−1
172	Raisin Bran	Kelloggs Co.	—	—	—	—	21.2	0.8	1.7	0.1	—	—	23,733.1	23,399.7	+1
173	Total Cereal	General Mills Inc.	0.2	—	—	—	14.7	5.5	0.5	0.8	1.8	—	23,518.0	22,308.9	+5
174	Levis Jeans Family	Levi Strauss Inc.	—	—	—	—	18.1	1.3	1.6	2.0	0.3	—	23,408.7	19,562.1	+20
175	Armed Forces Recruitment	US Government	—	—	2.0	—	19.0	—	1.1	1.1	—	—	23,296.4	28,364.8	−18
176	Chevrolet Corsica	General Motors	5.1	0.8	—	0.4	9.1	5.1	0.6	0.5	—	0.6	23,294.7	22,891.4	+2
177	Oldsmobile Cars	General Motors	2.9	—	3.0	—	14.7	1.8	0.7	0.2	—	1.0	23,271.7	78,960.4	−71
178	Sprite	Coca-Cola Co.	0.3	—	—	—	9.2	8.8	3.3	—	—	1.5	23,217.6	23,095.8	+1
179	Post Grape Nuts	Philip Morris	1.3	—	—	—	10.6	4.3	6.2	6	—	—	23,124.6	20,608.7	+12
180	Ford Taurus	Ford Motor Co.	6.5	—	—	—	12.0	3.3	0.6	0.6	—	—	23,026.6	29,340.6	−22
181	Dodge Cars & Light Trucks	Chrysler Corp.	2.8	—	—	—	1.4	15.6	—	0.4	2.4	—	22,777.9	27,513.8	−17
182	Pathmark Food Stores	Supermarkets General Corp.	—	—	18.6	—	—	3.6	—	—	—	—	22,683.3	22,366.2	+1
183	Carnival Cruises	Carnival Cruises	0.2	—	6.8	—	15.0	—	0.4	0.1	—	—	22,600.0	26,297.3	−14
184	Ford Light Trucks	Ford Motor Co.	3.6	—	1.3	—	13.0	3.7	0.3	0.6	—	—	22,451.3	19,608.3	+14
185	American Dairy/ Cheese Promotion	American Dairy Association	0.1	0.4	—	—	14.4	1.7	0.1	4.0	1.7	—	22,393.4	25,179.0	−11
186	Nissan 300 zx	Nissan Motor Co.	1.3	—	0.2	—	12.4	7.2	0.9	0.2	—	—	22,343.4	2,774.9	+705
187	Jeep Cherokee	Chrysler Corp.	5.9	—	—	—	14.1	0.8	0.4	1.0	—	—	22,341.3	17,929.7	+25
188	Hallmark	Hallmark Cards	—	—	—	—	15.0	1.8	2.2	0.3	3.0	—	22,269.6	38,349.5	−42
189	Walt Disney World Resort Florida	Walt Disney Co.	16.8	—	5.3	—	—	—	—	—	—	—	22,112.2	23,569.8	−6
190	Kellogg Nut & Honey Crunch	Kellogg Co.	—	—	—	—	20.1	0.3	1.5	—	—	—	22,021.1	16,101.4	+37
191	GTE Gen. Promo.	GTE Corp.	6.6	—	—	—	8.7	6.4	—	0.2	—	—	22,007.7	18,080.5	+22
192	Nissan Stanza	Nissan Motor Co.	2.5	—	0.5	0.2	15.5	1.9	1.3	0.2	—	—	21,945.4	6,185.8	+255
193	Capri	BAT Industries Plc	21.4	0.3	0.2	—	—	—	—	—	—	—	21,942.3	11,700.5	+88
194	Ford Thunderbird	Ford Motor Co.	11.1	—	—	0.5	8.8	0.6	0.6	0.3	—	—	21,873.7	8,664.5	+152
195	Liberty Travel	Liberty Travel Inc.	0.3	—	21.3	—	—	0.1	—	—	—	—	21,697.3	19,788.1	+10
196	Pampers Diapers	Procter & Gamble	0.2	—	—	—	17.0	2.0	2.0	0.3	—	—	21,606.5	16,294.1	+33
197	US Postal Service	US Government	5.5	—	2.1	0.6	9.5	2.3	0.9	0.5	—	0.2	21,569.9	12,630.9	+71
198	Little Ceasar	Little Caesar Ent.	—	—	1.2	—	15.2	4.8	—	—	—	0.3	21,568.6	16,139.5	+34
199	Wrigley's Spearmint Gum	Wrigley WM Jr. Co.	1.8	—	—	—	11.0	5.4	2.0	1.4	—	—	21,508.5	30,688.3	−30
200	Ace Hardware Stores	Ace Hardware Corp.	—	1.1	2.6	—	15.1	0.3	1.1	0.6	0.6	0.1	21,464.6	22,222.1	−3

POWER TEAMS

You've seen the Top 200 Brands. Now meet the people who control the ad dollars for 1989's top 100. The listings contain the names and titles of corporate marketing management at the parent companies, plus total ad spending (Arbitron's Broadcast Advertisers Reports and Leading National Advertisers); those assigned to each ranked product; agency personnel on each account; and specialized agencies.

ADOLF COORS CO.

$114,342,500

31 **COORS LIGHT BEER**

Marketing/brand management: Exec vp sls & mktg. **Robert Rechholtz**; Vp brand mgmt, **Gary Naifeh**; Brand dir, **Bob McBride**; Brand Mgr, **Lee Buxton**; Vp intl mktg devel, **Rob Klugman**
Agency: Foote, Cone & Belding, Chicago. Sr vp-grp acct dir, **Dan Fox**; Vp magmt dir, **Dave Sollitt**; Acct dir, **Diane Sprengel**; Acct execs, **Charles Wickman, Scott Rabschnuk**; Sr vp media, **Fred Wray**; Vp-grp media dir, **Kent Vlautin**; Media Suprs: **Mary Salmich, Judith Salas, Mark Dominiak**
Agency: GSD&M, Austin, TX. Chmn ceo, **Steve Gurasich**; Sr vp, **Chuck Grady**; Sr vp-dir Hispanic svcs, **Raoul Rodriguez**
GSD&M, Austin, TX. Corp & pub affairs dir, **Hank Olguin**; Vp-assoc media dir, **Tina Williamson**

AMR CORP.

$82,072,100

10 **AMERICAN AIRLINES PASSENGER SERVICE**

Marketing/brand management: Sr. vp mktg, **Micheal W. Gunn**; Vp sls & adv, **M. A. Buckman**; Mging dir adv, **Tom Morris**; Vp corp comm, **Lowell C. Duncan**; Mgrs adv: **Rob Britton, Ann White, Craig Bailey, Tracey Evan, Patty Elles, Gayle Michaels**; Mgr Sales Promo, **Ladd Biro**; Mgr adv admin, **Meryl Lazarus Cope**; Mgr intl adv, **Rick Fisher**
Agency: Bozell Inc., Dallas. Exec vp-acct dir, **Paul Gold**; Exec vp dir mktg serv, **Hugh O'Brien**; Sr vp-mgmt rep, **Patsy Tryon**; Sr vp-research dir, **Glenn Geller**

AMERICAN DAIRY ASSOCIATION

$82,166,400

82 **MILK PROMOTION**

Marketing/brand management: Vp mktg planning, **Stephen Dohrmann**; Vp-mktg serv, **Grover B. Simpson**
Agency: DMB&B, Chicago. Sr vp-grp dir, **Ben Bishop**; Vp-acct supr, **Andrea Dichter**; Acct supr, **Jim Moser**; Sr acct exec, **Kim Burain**; Sr vp-grp media, **Gail Fujisawa**; Acct exec, **Erik Burbank**

AMERICAN EXPRESS CO.

$189,629,200

7 **AMERICAN EXPRESS CREDIT SERVICES**

Marketing/brand management: Pres consumer card grp, **Kenneth Chenault**; Exec vp-gen mgr (personal card), **Phillip Riese**; Exec vp (optima card), **Anne Busgnet**; Vp adv (personal card), **Joan Bonnette**; Exec vp-gen mgr (gold card/platinum card), **John Sutphen**; Vp adv (gold card), **Pamela Guyot**
Agencies: Ogilvy & Mather, N.Y.(personal card, Optima Card). Sr vp-grp dir, **David Warden**; Vp-mgmt suprs, **Harold Sogard, June Blocklin**; Sr vp-assoc media dir, **Wilma Epstein**; Vp-asst media dir, **Mark Belton**
Chiat/Day/Mojo, N.Y. Assoc media dir, **Steve Smith**; Media supr, **Emily Ayers**; Media planner, **Dorothy Adams**

AMERICAN HOME PRODUCTS

$215,310,800

57 **ADVIL**

Marketing/brand management: Pres Whitehall Labs, **Randy Yates**; Sr vp-mktg, **Andrew Davis**; Grp prod mgr, **Holly Crosbie-Foote**
Agency: Young & Rubicam, N.Y. Sr vp-mgmt supr, **Patrick Kinsley**; Acct supr, **Cathy Damico**; Acct execs, **Kristi Comuzzui, Lisa Epstein**; Sr vp-media dir, **Ira Trumpowsky**; Vp media, **Nalini Ravishankar**

AMERICAN HONDA MOTOR CO. LTD

$217,533,300

Exec vp auto sls oper, **Tom Elliott**; Sr mgr auto adv, **Eric Conn**

48 **HONDA**

Agency: Rubin Postaer & Associates, L.A. Sr vp-acct supr, **Ron MacMillan**; Sr vp-media dir, **Pam Warren**; Vp-assoc media dir, **Coby Low**

HONDA ACCORD

Marketing/brand management: Pres, **K. Amemiya**; Sr vp-auto sls, **T. Okusa**; Mgr Honda adv, **Rob Alen**
Agency: Rubin Postaer & Associates, L.A. Sr vp grp acct dir, **Charles E. Valentine**; Vp acct dir, **Steve Woolford**; Vp acct suprs, **Julie Boston, Joan Egan**; Assoc media dir, **Lynn Gilman**

65 **ACURA**

ACURA LEGEND

70 **ACURA INTEGRA**

Marketing/brand management: Vp-Acura div, **Ed Taylor**;
Agency: Ketchum Advertising, L.A. Dir of client srvs, **Tim Hart**; Vp-acct mgmt supr, **Kevin Kitagawa**; Vp-dir of advanced plng, **Peter Goodwin**; Vp-assoc media dir, **Cindy Borges**; Media supr, **Anne Cleary**; Vp, dir of sls promo & design, **Linda Malley**

AMERICAN PROTECTION INDUSTRIES

$78,911,200

77 **THE FRANKLIN MINT COLLECTION**

81 **THE FRANKLIN MINT PORCELAIN COLLECTION**

Marketing/brand management: Vp mktg, **Thomas Durovsik**; Vp male collectibles, **Patrick Murray**; Vp jewelry, **Martha Wright**; Vp library, **Barbara Cady**
Agency: In-house. Vp media mgmt, **Alan Beer**; Vp media, **Mike Burgess**

AMERICAN STORES CO.

$138,609,300

Pres, **Alan Stewart**

44 **LUCKY FOOD STORES**

Marketing/brand management: Sr vp mktg, **Bob Hermanns**; Vp advg, **Alan Stec**; Media buyer, **Joanne Joseph**
Agency: Grey Advertising, San Francisco. Sr vp-mgmt supr, **Dick Popko**; Vp-assoc media dir, **Kristin Dybdal**; Vp mgmt supr, **Margo Witt**; Acct execs, **Steve Sparkman, Linda Freckleton**

76 **JEWEL CO INC. FOOD STORES**

Marketing/brand management: Vp-grocery merchandising, **Greg Josefouwicz**; Vp sls & adv, **Bob Lutz**
Agency: Lois/GGK, Chicago. Sr vp-mgmt supr, **Brad Beechen**; Acct exec, **Ellen Ross**; Acct supr, **Vallerie Sanders**; Sr vp-media dir, **Patrice Dermody**

WORK AND PLAY

Tom Sharbaugh's hobbies come in real handy at work. The group brand director for Budweiser and Bud Light likes swimming, running, rock and roll (he plays keyboards) and auto racing (as an observer). And much of his huge advertising budget goes into sports and music programing and events.

That kind of integration is typical of the Budweiser brand. "Any idea that is worth its salt should be executed down the line," says Sharbaugh. For example, they hyped the Bud Bowl for months in televised football games

AMERICAN TELEPHONE & TELEGRAPH

$360,219,100

Dir adv svs corp, **Robert Watson**

11 **AT&T LONG DISTANCE BUSINESS**

Marketing/brand management: Adv svcs corp, **Robert Watson**; Dir business adv & promo, **Karen Bered**
Agencies: McCann-Erickson NY. Sr vp-grp dir, **Hank O'Brien**; Vp-mgmt rep, **Eric Keshin**; Vp-acct supr, **Linda Koch**; Acct supr, **Jo-Ann Munoz**; Acct supr, **Steve Poppe**; Sr vp-grp media dir, **Vince Tortorelli**; Vp-assoc media dir, **Jim Lamond**

15 **AT&T LONG DISTANCE (Domestic, residential)**

Marketing/brand management: Adv dirs, **D. Robertson, J. Woodall**; Adv mgrs: **Stephen Block, Bruce Carlson, Mike Marlon, M. Church**; Dir consumer mkt mgr, **J. Ryan**
Agency: N W Ayer, N.Y. (domestic consumer long distance). Exec vp-mging dir, acct srvcs, **David Gantman**; Sr vp-mgmt supr, **Anne MacDonald**
Young & Rubicam, N.Y. (special long distance services). Exec vp grp dir, Mort Lowenstein; Sr vp reg acct dir, **Barbara Jack**
Ogilvy & Mather Direct (domestic consumer long distance). Sr vp-mng dir, **Shelley Lazarus**; Vp-exec acct dir, **Cynthia Grant**
Hispanic markets agency: Bermudez & Assoc., L.A. Chmn-ceo, **Eduardo Bermudez**;
Puerto Rico Agency: Marti Flories Prieto & Wachtel. Chmn-ceo, **Enrique Marti-Coll**

52 **AT&T LONG LINES OVERSEAS**

Marketing/brand management: Ad dir, **David Robertson**; Div man int'l, **Jackie Woodall**; Dir int'l mktg, **Ray Butkus**
Agency: Young & Rubicam, N.Y. (international consumer long distance). Exec vp worldwide-grp dir, **Mort Lowenstein**; Acct supr, **Ed Concannon**; Acct exec, **Colleen Bailey**
Minority agency: Bermudez & Associate

97 **AMERICAN TELEPHONE & TELEGRAPH**

Marketing/brand management: Corp ad dir, **Paula Horil**; Corp. broadcast mgr, **Linda Urben**; Div mgr, **R. Z. Manna**; Corp media mgr, **M. Seduski**
Agencies: N W Ayer, N.Y. Sr vp-exec acct dir, **J Keeler**; Sr vp-mgmt supr, **F. McClafferty**; Vp acct supr, **V. Nieman**; Sr vp-exec media dir, **B. Gordon**; Assoc media dir, **Jay Kearney**
Ogilvy Mather, N.Y. (intl). Client serv dir, **Kelly O'Dea**; Sr vp-grp dir, **Cynthia Round**; Sr vp-mgmt supr, **McKelden Smith**
Minority/college recruitment: Uniworld, N.Y. Sr vp gm, **H. Morales**; Vp-acct supr, **L. Dukette**

ANHEUSER-BUSCH COS INC.

$386,053,100

BUDWEISER **Marketing/brand management:** Exec pres corp mktg & comm, **Michael J. Roarty**; Vp brand mgmt, **Jack MacDonough**; Vp corp media/sports mktg, **Charles B. Fruit**; Grp brand dir, **Tom Sharbaugh**; Sr brand mgr, **Joe Corcoran**; Prod mgrs, **Tim Schoen, Paul Stoddart**

6 **BUDWEISER BEER** **Agency: D'Arcy Masius Benton & Bowles, St. Louis.** Sr vp-mgmt supr, **Jim Palumbo**; Vp-assoc media dir, **Beth Selb**; Media mgr, **Carol Grisham**; Media planner, **Carol Ozanich**
Hispanic agencies: Castor Spanish International. Acct exec, **Robin Roberts**

20 **BUDWEISER LIGHT BEER** **Marketing/brand management:** Sr. brand mgr, **Bob Lachky**; Prod mgr, **Mark Schupp**
Agency: DDB/Needham, Chicago. Vp assoc media dir, **Gary Mueller**; Media supr, **Ed Gold**; Acct exec, **J. T. Mapel**; Media planner, **Jamie Pruett**; Print Buyer, **Marie Lehan**; Acct supr, **Steve Jackson**
Hispanic agencies: Castor Spanish International. Acct exec, **Robin Roberts**

30 **MICHELOB DRY BEER** **Marketing/brand management:** Sr brand mgr, **Don Meyer**; Prod mgr, **Bill Campbell**; Grp brand dir, **Bob Goughenour**
Agency: DDB/ Needham, Chicago. Sr vp-grp acct dir, **John Greening**; Acct supr, **Alan Cohen**; Acct exec, **Mark Davis**; Sr vp-assoc media dir, **Geoff McClelland**; Asst acct exec, **Barbara Carson**
Hispanic agencies: Castor Spanish International. Acct exec, **Robin Roberts**

CBS/BROADCAST GROUP

$62,221,100

56 **CBS TV NETWORK** **Marketing/brand management: CBS TV Network, CBS Entertainment, CBS News, CBS Sports, CBS Broadcast International:** Sr vp, communications, **George F. Schweitzer**; Vp adv & promo, **Michael Mischler**
Agency: Various; Backer Spielvogel Bates, N.Y.(media). Pres, **Dean Scaros**; Sr vp-grp media dir, **Alain Zutter**

CAPTIAL CITIES/ABC INC.

$62,730,000

96 **ABC TV NETWORK** **Marketing/brand management:** Srvp-mktg & research svs, **Alan Wurtzell**; Exec pres-sls ABC TV Network, **H. Weller Keever**; Vp sls, **Madeline C. Nagel**
Agencies: Grey Entertainment & Media/Faital & Collins, Santa Monica, Calif. (for entertainment). Pres, **Russell Collins**; Acct supr, **Ilene Slotnick**; Creative dir, **Paul Blanchard**
Lois/GGk (for sports). Grp mgr, **John Tracosas**; Acct supr, **Andy Brief**; Media dirs, **Chris Tinkham, Carol Lavitt**

and *Sports Illustrated*. Leading up to the Super Bowl, they had in-store retail displays with little football fields and helmeted bottles. And the media department placed the commercials to allow the game within a game to unfold dramatically. "We operate at full steam when we have all the levels of the marketing mix working together," he says.

Still, Budweiser and Bud Light budgets were down 18% and 22%. But Sharbaugh says it's because they put extra money behind the brand to be the official beer sponsor of the Olympics in 1988. "It's a very expensive thing to participate in."

His prior marketing jobs: Procter & Gamble, Busch Theme Parks, and believe it or not, the U.S. Postal Service.

Brian Bagot

CIRCUIT CITY STORES INC.

$78,730,000

16 **CIRCUIT ELECTRONIC STORES** **Marketing/brand management:** Corp. adv dir, **Greg Jones**
Agency:Circuit City Advertising. Exec vp, **W.D. Rivas**; Media mgr, **Carol Stant**

CITICORP

$103,896,800

92 **CITICORP GENERAL PROMOTION** **Marketing/brand management:** Vp corp adv, **Mary Ann Eager**; Vp assist dir corp adv, **Linda Scenna**
Agency: NW Ayer, N.Y. Exec vp-mng dir acct svcs, **David Gantman**; Sr vp-exec acct dir, **Anne MacDonald**; Vp mgmt supr, **Peter Hochman**; Exec vp-mng dir media svcs, **Marcella Rosen**; Sr vp-grp media dir, **Beth Gordon**

COCA-COLA USA

$229,431,700

Vp-dir mktg planning, **Michael Beindorff**
Black Agency: Burrell. Sr vp-gm, **Sarah Burroughs**; Vp-acct supr, **Neva Richardson**; Vp-media dir, **Nick Howse**; Media supr, **Michelle Garner**
Hispanic Agency: Sosa

17 **COCA-COLA CLASSIC** **Marketing/brand management:** Grp brand dir, sugar colas, **Donald Lenehan**; Assoc brand mgr, **Nancy Gibson**; Dir consumer research, **Jerry Payne**; Vp-Black & Hispanic mktg, **Chuck Morrison**; Dir mktg srvcs, **Ty Taylor**; Vp corp media dir, **William H. Lynn**; Dir of media, C-C USA, **Chris Gagen**
Agency: McCann-Erickson, N.Y. Exec vp-depty gen mgr, **Gunnar Wilmot**; Vp-acct suprs, **Bill Grogan, Phil Shaw**; Acct execs, **Rob Powers, Sherry Corwin, Kathy Breslin, Brian Meltsner**; Exec vp-worldwide media srvcs, **Gordon Link**; Exec vp-natl media dir, **Ira Carlin**; Sr vp-plng mgr, **George Hayes**; Vp-assoc media dir, **Kevin Mannion**; Worldwide coors, **Bill Van Ingen, Liz Samurovich**

26 **DIET COKE SOFT DRINK** **Marketing/brand management:** Grp brand dir diet colas, **Dan Sayre**; Brand mgr, **Mary Minnick**; Assoc brand mgr, **Steve Moore**; Asst brand mgrs, **Katie Joylik, Sunny Burrows**
Agency: Lintas:Worldwide

COTTER & CO.

$52,308,100

37 **TRUE VALUE**

Marketing/brand management: Exec vp, **Paul Fee**; Gen merch mgr, **Jerry Thompson**
Agency: Home Products Marketing Association (In-House). Sls prom mgr, **Harry Adams**; Adv mgr, **Gary Coppinger**

DAIMLER BENZ

$85,641,500

88 **MERCEDES-BENZ**

Marketing/brand management: Vp-mktg, **Hans Jordan**; Gen mgr mktg, **Albert Weiss**
Agency: McCaffrey and McCall Inc., N.Y. Exec vp-grp acct dir, **Will Metzger**; Sr vp-mgmt suprs, **Kent Sednaoui, Lisa DeCrane**; Acct suprs, **Ellen Keller, Carol Goldberg**; Acct execs, **Amy Ludlow, Kathy Kennedy**; Asst acct execs, **Jeannie Nikiel, Richard Riegel, Richard Ullman, Renee Martin**

DELTA AIR LINES INC.

$86,959,300

13 **DELTA AIR LINES PASSENGER SERVICE**

Marketing/brand management: Sr vp mktg, **W.W. Hawkins**; Asst vp adv & sales prom, **Judy Jordan**; Mgr adv, **Sandy Rowan**
Agency:BBDO, Atlanta. Pres ceo, **Don Mitchum**; Exec vp-wrldwd acct dir, **Jack Walz**; Exec vp creative dir, **Gregg Dearth**; Sr vp mgmt supr, **Jim Garrison**; Sr vp media dir, **Dave Capano**

DOMINO'S PIZZA INC.

$64,403,600

22 **DOMINO'S RESTAURANTS**

Marketing/brand management: Div vp mktg, **Mike Raymond**; Natl dir mkt research, **Margaret Olson-Cox**; Natl dir pub rel, **Ron Hingst**; Natl adv dir, **Burke Cueny**
Agency: Group 243, Ann Arbor, Mich. Pres, **Jante Muhlman**; Gen mgr, **Bruce Smith**; Mgmt dir, **Henry Blank**; Media dir, **Kathy Savitskie**; Creative dir, **Phil Smith**

E.I. DuPONT de NEMOURS & CO.

$85,836,900

90 **DUPONT STAINMASTER CARPET**

Marketing/brand management: Flooring systems division: Dir, **John Carson**; Bus dir-residential, **Ken Hostelley**; Mktg mgr, **Bruce Koepcke**; Mktg comm mgr, **Gary Johnston**
Agency: BBDO, N.Y. (Residential Products). Acct supr, **Stuart Marvin**; Acct exec, **Douglas Moore**; Exec vp media, **Arnie Semsky**; Media dir, **Mike Drake**; Vp assoc media dir, **Tom Fuld**; Media supr, **Peter Harrington**
Agency: Rumrill/Hoyt, Rochester, N.Y. (Commercial Products). Acct supr, **David Nevargall**; Acct execs, **Todd Luepke, Carl Withers**

EASTMAN KODAK CO.

$235,938,600

58 **KODAK FILM**

Marketing/brand management: Vp gm (consumer imaging div), **Peter Palermo**; Vp gm U.S. mktg & sales (CID), **Robert C. Sharp**; Div vp dir mktg comm svcs (photographic prods div), **Richard S. Bartlett**; Dir worldwide mktg comm (CID), **James Gallery**; Mktg comm dir (film prod-CID), **Gregory T. Walker**
Agency: J. Waler Thompson, N.Y. Sr vp worldwide mgmt dir, **Jerry Gotlieb**; Sr vp acct dirs, **Martin E. Susz, Nancy Hallberg**; Vp acct supr, **Jeff Bodenmann**; Acct supr (intl), **Susan Pisello**; Acct reps, **Anna Suessbrick, Todd Root (intl)**; Exec vp U.S. media dir, **Richard Kostyra**; Sr vp dir network neg, **John Sisk**; Sr vp assoc media dirs, **Emily Swartzentruber (plng), Gwyn Kaufman (neg)**; Media supr, **Scott Frank**; Media plnr, **Chris Pascucci**

FEDERAL EXPRESS CORP.

$39,892,900

64 **FEDERAL EXPRESS**

Marketing/brand management: Sr vp mktg, **Carole Presley**; Vp corp mktg, **Mike Glenn**
Agency: BBDO, N.Y. Sr vp mktg dir, **Gary dePaulo**; Vp acct supr, **Ira Bhar**; Acct exec, **Ann Chorske**; Assoc media dir, **Nora Gallick**; Media supr, **Scott Loos**

FOODMAKER INC.

$43,387,700

84 **JACK-IN-THE-BOX RESTAURANTS**

Marketing/brand management: Exec vp mktg, **Mohammad Iqbal**; Div vp prod mktg, **John Farrar**; Dir sls mktg & prom, **Michael Sick**; Div vp mktg comm, **Paul Haack**; Dir mkt res, **Bruce Frazer**; Div vp tech svcs, **Ken Dunkley**; Dir ops svcs, **Jeff Hiller**; Dir advg, **Karen Wagner**
Agency: Cohen/Johnson, L.A. Vp acct grp dir, **Tom Ruffino**

FORD MOTOR CO.

$460,655,600

74 **MERCURY COUGAR**

Marketing/brand management: Gen mktg mgr, **Ian McCallister**
Agency: Young & Rubicam, Detroit. Vp group supr, **Warren Winstanley**; Vp acct supr, **Carol Lane Straight**; Acct supr, **Shelley Stowell**; Vp media, **Marge Forbes**; Media dir, **Ken Pool**

SPARE CHANGE

You might think Beth Gordon doesn't like change. After all, she's worked for 12 years at NW Ayer, with much of that time spent on the AT&T account.

Wrong. It may be one account, but Gordon has had to keep pace with incredible changes over the years. "Ten years ago, there was one equal access, we're into real competition. I can't imagine another account like that," she says of her assignment.

Recently promoted to New York media director on AT&T, Gordon oversees *AT&T Pre-*

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FORD RANGER

Minority Agency: Uniworld Group, N.Y. Acct supr, **Fermina Platon**; Media dir, **Steve Goodman**; Acct exec, **Bruce Lewis**

Marketing/brand management: Ford Division: Vp gm, **T.J. Wagner**; Gen mktg mgr, **Keith Magee**; Adv mgr, **John Vanderzee**; Truck ad mgr, **Bill Glick**

Agency: J. Walter Thompson, Detroit. Exec vp gm, **Chuck Balestrino**; Sr vp Ford acct dir trucks, **Sean Neall**; Sr vp media dir cars & trucks, **Bob Mancini**; Vp group dir cars & trucks, **Tom Johnson**; Media dir trucks, **Rich Rivera**

Black Agency: Burrell Advertising, Chicago. Sr vp grp dir, **Linda Pharr**; Mgmt supr, **Dakota Pippins**; Acct supr, **Dwane Watts**; Sr vp media, **Nick Howse**; Assoc media dir, **Zelina Kelly**

Hispanic Agency: Mendoz, Dillon & Assoc., Newport Beach, Calif. Pres, **Robert Howels**; Vp client svcs, **Ingrid Ottero**; Sr vp media dir, **Terry Silverman**

GENERAL ELECTRIC CO.

$115,082,100

85

NBC TV NETWORK (NATIONAL BROADCASTING CO.)

Marketing/brand management: Exec vp mktg, **John Miller (N.Y.)**; Vp adv & admin, **Paul Wang (Burbank)**; Vp west coast adv & prom, **Vince Manze**; Vp east coast adv & prom, **Tim Miller (N.Y.)**; Dir media plng, **Marla Goldstein (Burbank)**

Agency: DMB&B, L.A./N.Y. Mng dir, **Jim Helin**; Exec vp dir entertainment, **Neil Lemlein**; Vp acct supr, **Eric Belcher**; Sr vp media dir, **Ron Lawrence**; Deputy mng dir chief creative off, **John Armistead**

GENERAL MILLS

$355,265,600

27

RED LOBSTER RESTAURANTS (RED LOBSTER INNS OF AMERICA)

Marketing/brand management: Exec vp mktg, **Mike Dimopoulos**; Vp natl mktg media, **Wyman Roberts**

Agency: Grey Advertising, N.Y. Exec vp, **Jordan Rosuck**

GENERAL MOTORS

$999,116,500

Exec dir adv & strategic mktg, **Philip Guarascio**

67

99

23

54

75

GENERAL MOTORS PARTS & SERVICES

Marketing/brand management: Gen dir sls & mktg, **Richard Sherman**; Mktg dir, **David Robison**; Adv mgr-GM dealers, **Ken Robinson**

Agency: D'Arcy Masius Benton & Bowles, Bloomfield Hills, Mich. Exec vp-mgmt supr, **Ted Teegarden**; Vp-grp acct supr, **Chuck Brandt**; Acct supr, **Mike Koch**; Sr vp-media dir servs, **George Rogers**; Vp-grp media dir, **Marty Choinski**

GENERAL MOTORS CARS & LIGHT TRUCKS

BUICK PASSENGER CARS

Marketing/brand management: Gen mktg mgr, **Darwin Clark**; Gen dir adv, **Jay Qualman**; Gen dir div mktg, **John Dabels**; Vp-gen mgr, **E.H. Mertz**; Gen sls & srvcs mgr, **R.E. Coletta**

Agency: McCann-Erickson, Troy, Mich. Sr vp-mgnmt rep, **Richard A. Hill**; Vp-nat'l grp supr, **George Bak**; Vp-acct supr, **Gary Kopicko**; Vp-acct supr, **Hal Randall**; Acct execs, **Roxann Blaquiere, John Holowty, Sara Sevec, Alan Morris, Cathy Randall, John Bomarito**; Sr vp-media svcs, **Karen Ritchie**

CHEVROLET LIGHT TRUCKS

CHEVROLET S-10

Marketing/brand management: Mktg mgr-trucks, **Frank Raine**

Agency: Lintas:Campbel-Ewald, Warren, Mich. Sr vp-grp mgmt supr, **Dennis Connaughton**; Grp sr vp-mgmt supr, **John Barczyk**; Acct supr, **Mark Bellissimo**; Vp-assoc media dir, **Pat Sharp**; Sr media planner, **Penney Willey**; Asst acct exec, **Adam Brush**

CHEVROLET

Marketing/brand management: Mgr adv pass cars, **Dannielle Colliver**; Vp-brand mgmt passenger cars, **Steve D. McAvoy**; Gen mktg mgr, **Mike Erdman**; Nat'l mgr pass car merch, **John C. Burrow**

Agency: Lintas:Campbel-Ewald, Warren, Mich. Sr vp-grp dir, **Thomas Thomson**; Vp-acct supr, **David Scott**; Vp-assoc media dir, **Catherine Curry**

59

CHEVROLET LUMINA

Agency: Lintas:Campbell-Ewald, Warren, Mich. Media supr, **Kevin Donley**; Exec vp-Chevrolet acct dir, **Anthony Hopp**

79

CHEVROLET PASSENGER CARS

Agency: Lintas:Campbell-Ewald, Warren, Mich. Sr vp grp acct supr, **Michael J. Ryan**; Acct suprs, **Pete Rentchler, Tim Keaton**; Media dir, **Louis M. Shultz**; Sr vp grp media dir, **Paul Hunt**; Sr vp grp, **Bob Mitchell**; Sr vp grp meida dir brdcst, **Judith E. Sawyer**; Sr vp dir nat'l brdcst media, **Barbara A. Munroe**; Vp assoc media dir (nat'l), **Katie Kiyo**; Vp assoc media dirs (area mktg), **John A. Winkelseth, Bruce Weber, Caryn Gray**

49

OLDSMOBILE CARS

Agency: Leo Burnett Co., Southfield, Mich. Sr vp client svc dir, **Ted Jordan**

OLDSMOBILE CUTLASS

Marketing/brand management: Prod mktg mgr, **S.D. McAlpine**

Agency: Leo Burnett Co., Southfield, Mich. Vp acct dir, **Neil Lichtman**; Sr vp media, **Rob Wismiwski**

51

PONTIAC GRAND PRIX

Marketing/brand management: Asst gen sls & svcs mgr-mktg, **Dwight Logie**

Agency: D'Arcy Masius Benton & Bowles, Bloomfield Hills, Mich. Sr vp mgmt supr, **Mark Jovik**; Vp acct suprs, **Mike Valant, Art Pepin**; Acct suprs, **Steve Brown, Jim Holman**; Sr vp-dir of media svcs, **George M. Rogers, Jr.**; Assoc media dir, **Jim Gagen**; Media suprs, **Linda Froeschke, Todd Rankin**

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sents, advertorials, special sections, events, rock concerts and corporate sponsorships. "We're probably first on the list to be contacted" when an arts group needs support. For the future, working on AT&T looks "as complicated as it has been . . . and more so," she says. "We have to look beyond traditional media."

Gordon started her career at WPIX, a local New York City television station. After stints buying, planning and researching media, she made the switch to advertising by joining what was then Compton Advertising to work on Procter & Gamble.

Gordon, who is not married, has found a second home at Ayer. "I've adopted the whole staff here," she says.

Casey Davidson

GOODYEAR TIRE & RUBBER CO.

$66,755,100

87 **GOODYEAR CAR TIRES**

Marketing/brand management: Mktg mgr auto tires, **H.D. McDonald**
Agency: J. Walter Thompson, Detroit. Vp mgmt suprs, **Steve Stepanek, Austin Craig, Clark Wood**; Supr-dir of media, **Bob Reuschle**; Assoc media dir, **Paul Murray**; Media supr, **Jeff Voight**

GRAND METROPOLITAN PLC

$348,498,900

CEO, **Barry Gibbons**

3 **BURGER KING RESTAURANTS**

Mareketing/brand management: Exec vp mktg, **Gary Langstaff**
Agency: DMB&B, N.Y. Sr vp, **Steve Gramps**; Dir operations & strategies, **George Rubin**; Acct dir, **Tim Kelly**; Sr vp assoc media dir, **Brian Highes**; Asst media dirs, **Susan Frost, Sean Cunningham**
Agency: Saatchi & Saatchi, N.Y. Exec mng dir, **Richard Pounder**; Sr assoc media dirs, **Lou Capozzoli, Sandy Diana**; Sr vp mng supr, **David Srere**; Acct supr, **Sal Taibi**

HALLMARK CARDS INC.

$81,917,300

66 **HALLMARK CARDS**

Marketing/brand managament: Grp vp Hallmark brand, **Tom Johnson**; Div vp advg & promo, **Brad Moore**; Dir natl retail advg, **Ira Stolzer**
Agency: Leo Burnett, Chicago. Sr vp acct dir, **Jim Thompson**; Vp acct dir, **Tom Dickson**; Vp acct supr, **Ken Fill**; Vp media dir, **Chuck Quarnstrom**; Media supr, **Sherri Sipes**
Agency: Valentine-Radford Inc., Kansas City, MO. Dir client svcs, **Craig Ligibel**; Acct grp supr, **Greg Kirsch**; Acct supr, **Michael St. Pierre**; Media dir, **Colleen O'Kane**; Assoc media dir, **Jan Trusty**

HIGHLAND SUPERSTORES INC.

$56,795,400

33 **HIGHLAND HOUSEHOLD PRODUCTS**

Marketing/brand management: Vp advg, **Frank Ferriolo**; Advg operations mgr, **Ron Demo**; Media dir, **Maxine Cooper**; Dir special events, **Ed Rossman**; Media mgr, **Marianne Barrons**
Creative Agency: W.B. Doner. Acct exec, **Jeff Hale**; Asst acct exec, **Alex Eisenberg**; Mgmt supr, **Ross Lerner**
Print advertising: In-house
Media buying: In-house

HYUNDAI MOTOR AMERICA

$151,930,900

39 **HYUNDAI SONATA**

Marketing/brand management: Vp mktg, **Jack Collins**; Nat'l mgr of advg, **Maurice Bowen**

Marketing/brand management: Dir prod & mktg plng, **Bill Hamilton**
Agency: Backer Spielvogel Bates, Irvine, Calif. Vp acct supr, **Bob Svete**; Acct supr, **Mark Weinfeld**; Acct exec, **Kellie Floren**; Vp media dir, **Phil Bernstein**; Media suprs, **Susan Wheeler, Jonna Baker**

69 **HYUNDAI EXCEL**

Marketing/brand management: Dealer assoc & media mgr, **Bruce Goren**
Agency: Backer Spielvogel Bates, Irvine, Calif. Sr vp mgmt rep, **Larry Grusche**; Vp acct supr, **Bob Svete**; Acct supr, **Mark Weinfeld**; Sr vp grp media dir, **Kevin Coyne**

IMASCO USA

$56,202,900

50 **HARDEE'S FOOD SYSTEMS**

Marketing/brand management: Exec vp, **Jim Jaffre**; Sr vp, **Bill Lancaster**; Dir of adv, **Jerry Lacy**
Agency: Ogilvy & Mather, N.Y. Sr vp-client dir, **Bill Gray**; Vp-acct dir, **Adam Sunderland**; Sr vp-dir of field svcs, **Robert Worsworthy**; Sr vp-assoc media dir, **Alan Orlick**; Vp-asst media dir, **Kieran Colman**

INTERNATIONAL BUSINESS CORP.

$96,959,800

93 **IBM GENERAL PROMOTION**

Marketing/brand management: Dir adv & promo, **C. C. LaRoche**; Dir adv & promo oper, **W. H. Harrison**; Mgr print adv, **M. B. Gordon**
Agency: Wells, Rich, Greene, N.Y. Exec vp grp head, **David Sklaver**; Mgmt supr, **Judi Francis**; Acct supr, **Jim Roosa**; Acct exec, **Scott Friedman**; Asst acct exec, **Cynthia Ragusin**; Vp grp head-media, **Larry Loiello**; Asst grp head-media, **Virginia Rowe**; Media plnrs, **Andrea Swann, Bill Swanston, Frank Torelli**

J. C. PENNEY CO.

$158,923,300

38 **J. C. PENNEY STORES**

Marketing/brand management: Exec vp dir corp merchandising, **Barger Tygart**; Dir mktg comm, **R. L. Shuler**; Mgr media srvcs, **J. M. Chicoskie**; Natl media plr, **Julia Hagmann Fuqua**; **Catalog Division:** Pres, **Rod Birkins**; Dir merchan, **Julius Debbs**; Dir adv & pubs, **William Kelly**
Agency: NW Ayer, N.Y. Sr vp mngg dir, **Tom Hooke**; Vp-media dir, **Mary Bresnahan**

ENSURING SUCCESS

Prudential Insurance can be a demanding piece of business to work on, says Lowe & Partners' Amy Marsh, 31. The account veteran, who followed the account to Lowe from Backer Spielvogel Bates, notes in particular the client's penchant for being in very high-profile media properties.

"Basically, they want to support leadership spending," she says. "It's not just buying a spot in something, but sponsoring an entire event." Indeed, last year Prudential became a sponsor of the Academy Awards, and it has helped innovate new uses of media, including the use of "spreadvertorials" in newsweekly magazines. This "leadership spending" position helps explain the 51% increase in Prudential's 1989 media spending reported by LNA, notes Marsh.

Marsh started her career in the media department of a small agency that eventually was acquired by Bozell & Jacobs. She moved on to BSB, where she worked for eight years on American Cyanamid, Avis, the U.S. Navy and Kal-Kan pet foods, in addition to Prudential. Now she works exclusively on Prudential's corporate and insurance divisions.

First love: Travel. Biggest frustration: She rarely gets to travel any farther than Prudential's headquarters in Newark, N.J.

Joe Mandese

JOHNSON & JOHNSON

$246,571,600

71

TYLENOL REGULAR STRENGTH PAIN RELIEVER (McNeil Consumer Products)

Marketing/brand management: Vp mktg, **Jim T. Lenehan;** Dir prod mgmt, **Brian D. Perkins;** Grp prod dirs, **Tony A. Vernon, Bill Murphy;** Prod dirs, **Sharon Ali, Roz Williams, Kate Ferris, Don Moore**
Agency: Saatchi & Saatchi DFS Compton Inc., N.Y. Exec vp-grp dir, **Thomas Lom;** Sr vp mgmt dir, **Joe McCarthy;** Acct supr, **Marie McNeely;** Exec vp dir media oper, **Carol Karasick;** Vp assoc media dir, **Charlie Greenberg;** Acct exec, **Suzanne Winkler;** Media supr, **Marie Wolpert**
Hispanic agency: Mendoza, Dillon & Asociados. Vp acct svcs, **Robert L. Howells**

KELLOGG CO.

$428,134,600

98

KELLOGG'S FROSTED FLAKES

Marketing/brand management: Vp exec vp sales & mktg, **W.H. Weintraub;** Vp mktg, **T.P. Mosby**
Minority Agency: Vince Cullers Advertising, Chicago. Mktg dir, **George Boykin;** Media dir, **Jeff Cullers;** Acct exec, **Michelle Jones**
Agency: Leo Burnett Co. Inc., Chicago. Exec vp acct dir, **Jim Jenness;** Vp media dir, **John Moszynski;** Vp acct dir, **Tim O'Day;** Acct supr, **Larry Bruck;** Acct exec, **Brian Hurley;** Exec vp media srvcs, **Willard Hadlock;** Sr vp media dir, **Lincoln Bumba**

K MART CORP.

$186,271,100

8

K MART STORES

Marketing/brand management: Vp sls & mktg, **William Parker;** Vp mktg, **Michael Wellman;** Dir of Adv, **Gerry Habeck**
Agency: Ross Roy, Detroit, Mich. Sr vp-mgmt supr, **Peter Vetowich;** Sr vp-mgmt supr, **Laurence Haddock;** Vp, **Lissa Papizan;** Sr vp-dir of media, **Bill Behrmann;** Sr vp grp media dir, **Alfred Don;** Vp media dir brdcast, **Patricia Cuda**

THE KROGER CO.

$56,589,200

53

KROGER FOOD STORES

Marketing/brand management: Vp adv, **Dick Owens;** Dir adv, **Dick Bergman**
Agency: Campbell-Mithun-Esty, Chicago. Pres, ceo, **Marvin Goldsmith;** Sr vp mngt supr, **Jon Wylie;** Vp mngt supr, **John Kroening;** Sr vp-dir media services, **Charles Abrams;** Sr vp-grp media dir, **Janet Bak**

MCI COMMUNICATIONS CORP.

$52,183,300

94

MCI LONG DISTANCE TELEPHONE SERVICE

Marketing/brand management: Sr vp sls & mktg, **Stuart Mencher;** Vp adv sls prom, **Judy Ranzer**
Agency: Wells, Rich, Greene, N.Y. Exec vp media, **Steve Farella;** Sr vp media pln dir, **Mark Battita;** Vp media grp head, **Linda Walker;** Exec vp acct grp head, **Paula Kahn**

R. H. MACY & CO.

$203,909,700

5

MACY'S

Marketing/brand management: Grp vp-mkt dir, **Howard Adler;** Vp-prod adm, **Joe Civitillo**
Agency: In-house

McDONALD'S CORP.

$431,777,700

1

McDONALD'S RESTAURANTS

Marketing/brand management: Sr exec vp mktg, **Paul D. Schrage;** Sr vp mktg, **Peter A. Nelson;** Vp natl mktg, **David B. Green;** Asst vp media, **Laurie A. Grace;** Vp advg, **Roy Bergold**
Agency: Leo Burnett, Chicago. Exec vp media svcs div, **Willard Hadlock;** Sr vp media dir, **Sally Hunter;** Exec vp client service dir, **James Shymkus;** Sr vp acct dir, **Jerry Conner;** Vp acct dir, **Barry Krause**
Black agency: Burrell Advertising, Chicago. Sr vp grp dir, **Linda Pharr;** Vp acct supr, **Wil Adkins;** Acct supr, **Rob Jackson;** Acct exec, **Lauren McCadney;** Asst acct exec, **Terria Ladner;** Sr vp media dir, **Nick Howse;** Media dir, **Zeline Kelly**
Hispanic agency: Castor GS&B, N.Y. Chairman of the board, **Castor Fernandez;** Pres, **Al Garcia-Serra;** Acct supr, **John Gomez**

MIDAS INT'L CORP.

$56,314,900

35

MIDAS MUFFLER & BRAKE SHOPS

Marketing/brand management: Sr vp franchise oper & mktg, **Russ Richards;** Vp mktg, **Chris Shoenleb;** Vp adv, **Ralph Linder;** Adv svcs mgr, **Dan Hull**
Agency: Wells, Rich & Greene, N.Y. Pres(Chicago), **Larry Singer;** Exec vp-mgmt supr, **Earl Arnold;** Sr vp dir field svcs, **Stan Flaum;** Sr vp media, **Curtis King;** Assoc media, **Constance MacTaggart, Gwendolyn Kelly**

MITSUBISHI

$74,114,100

78

MITSUBISHI ECLIPSE

Marketing/brand management: Vp mktg, **Garrett J. Nash;** Advg dir, **Frances Oda**
Agency: Grey Advertising. Sr vp grp dir, **Bruce McRitchie;** Vp acct supr, **John Miley;** Acct exec, **Tom Donaldson**

MONTGOMERY WARD & CO. INC.

$90,852,700

89 **MONTGOMERY WARD HOUSEHOLD**
Marketing/brand management: Chmn CEO, **Bernie Brennan**; Pres mktg, **Bernie Andrews**; Sr vp mktg, **Dale Pond**
Agency: Saffer/USA Advertising Inc., Chicago. Pres, **Cary Deacon**; Vp media dir, **Bill Blaha**; Vp dir client svcs, **Nancy Bernstein**; Acct dir, **Kristin Rafkin**; Sr acct exec, **Carrie Novak**; Acct supr, **Mark Doucette**

NWA INC.

$60,682,000

32 **NORTHWEST AIRLINES PASSENGER SERVICES**
Marketing/brand management: Exec vp mktg, **A.B. Magary**; Vp mktg programs, **John Temple**
Agency: Saatchi & Saatchi, N.Y. Sr vp mng dir, **Peter Levitan**; Vp acct suprs, **Mary Lee Broder, Evangeline Ames**; Sr vp assoc media dir, **Don Morrison**; Media dirs, **Phil Moore, David Heller**

NATIONAL LIVESTOCK MEAT BOARD

$38,862,800

91 **BEEF INDUSTRY COUNCIL**
Marketing/brand management: Exec vp mktg, **John Francis**; Vp advg dir, **Jeanne M. Sowa**
Agency: Ketchum Communications, San Francisco. Pres, **Dianne Snedaker**; Sr vp mng supr, **Terry DiCarlo**; Acct exec, **Rick Reilly**; Sr vp media dir, **Mary Murphy**; Vp assoc media dir, **Jeanne Selvester**

NISSAN MOTOR CORP.

$237,042,600

Nat'l adv mgr, **Tom Hushek**

42 **NISSAN PASSENGER CARS & LIGHT TRUCKS**
Marketing/brand management: Adv program mgmt creat, **Brooke Mitzel**
Agency: Chiat/Day/Mojo, Venice, CA. Acct supr, **Mike Byran**; Sr acct exec, **John Krass**; Regional assoc media dirs, **Lorraine Klano, Patti Sones**

72 **NISSAN MAXIMA**
Marketing/brand management: Ad program mgr-creat, **John Rinek**; Dir of mktg, **Ron Hannum**
Agency: Chiat/Day/Mojo, Venice, CA. Exec vp-acct dir, **Tom Patty**; Acct supr, **Nancy Dunn**

NUTRI/SYSTEM INC.

$31,153,500

95 **NUTRI/SYSTEM WEIGHT LOSS CENTERS**
Marketing/brand management: Vp comm, **James Millard**; Field mktg dir, **Mark Miller**
Agency: Eric Mower & Assoc., Syracuse, N.Y. Vp media svcs, **Ira Bass**; Acct supr, **Tim Greene**; Acct exec, **Steve Secova**

PAN AMERICAN WORLD AIRWAYS

$46,238,800

55 **PAN AM AIRLINES PASSENGER**
Marketing/brand management: Sr vp-mktg, **Peter Mchugh**; Vp-adv, **John Bloodworth**
Agency: Della Femina McNamee WCRS, N.Y. Mgmt supr-US, **Ann Milner**; Acct supr-US, **Pat Shaire**; Acct exec U.S., **Liz Maxey**; Sr vp assoc media dir-US, **Cathy Goodin**; Media supr-US, **Sheri Lewis**

PEPSICO CO.

$506,423,800

9 **PIZZA HUT INC.**
Marketing/brand management: Sr vp mktg, **David Novak**; Dir media & field mktg, **Claude Caylor**
Agency: BBDO, N.Y. Exec vp sr mgmt, **Bruce Meyers**; Vp-mgmt rep, **Martha Pease**; Acct suprvs, **Gretchen Hofmann, Sean Clarkin**; Exec vp media prgm, **Arnie Semsky**; Sr vp assoc media dir, **Mike Hedge**

4 **KENTUCKY FRIED CHICKEN**
Marketing/brand management: Vp of adv, **Peter Foulds**; Vp-field mkt, **David Brooker**; Vp mktg svcs, **Tom Cross**
Agency: Young & Rubicam, N.Y. Grp gen mgr, **Jane Brite**; Mgmt supr, **Tony Pace**; Acct suprs, **Nancy Katz, Tom Sebok**; Media dir, **George Sharpe**; Media grp sup, **Rich Alcott**

19 **TACO BELL**
Marketing/brand management: Sr vp mktg, **Timothy Ryan**; Vp mktg, **George Reynolds**; Dir media svcs, **Margaret Jenkins**; Assoc mgr media svcs, **Marge Perlman**; Vp media & adv svcs, **Karen Eadon**
Agency: Foote, Cone & Belding, San Francisco. Sr vp-mgmt supr, **Dan Odischoo**; Acct supr, **David Byers**; Acct supr, **Kate Hammerson**; Grp media, **Barbara Raeuber**; Asst media, **Jackie Flynn**

21 **PEPSI**
Marketing/brand management: Exec vp mktg & nat'l sls, **Mike Simpson**; Dir adv, **Marina Hahn**; Vp media, **Rick Rock**; Assoc media dir, **Mary Ann Power**
Agency: BBDO, N.Y. Sr vp-acct dir, **Bill Katz**; Exec vp-dir media **Arnie Semsky**; Sr vp-dir network tv & prog, **Steve Grubbs**; Sr vp-assoc media dir, **Ivan Becker**; Sr vp-assoc network dir, **Stu Shlossman**; Media suprs, **Rene Goldmuntz, Gail Stein**; Net supr, **Karen Levin**
Hispanic agency: Siboney Advertising. Gen mgr, **Roger Pisani**; Vp-acct supr, **Carla Trum**; Acct exec, **Melissa Quinoy**; Vp-media dir, **Meg Bernot**; Media supr, **Joe Pena**

PEPSI COLA
Agency: BBDO, N.Y. Media plnr, **Jim Pallini**; Net buyer, **Pam Marcus**

24 **DIET PEPSI**
Marketing/brand management: Vp colas, **Brian Swette**
Agency: BBDO, N.Y. Sr vp media plng, **John Belfiore**; Sr vp-dir media plng srvcs, **Mike Drake**; Vp-acct supr, **Evelyn Owen**; Media plnr, **Claudia Ryan**;

GEARED UP

For Katie Kiyo workin
on the launch of Geo ca
is the culmination c
years of studying car a
counts, first at J. Walt
Thompson, where sh
started in a training program in 1982. Fro
there, she headed to DDB Needham's Volk
wagon account in Troy, Michigan, for tw
years and in June of 1989 joined Lintas: Ca
bell-Ewald to work on Geo.

With Geo, a car marketed by Chevrolet b
manufactured by a variety of Japanese au
makers in a joint effort, work has been "e
citing" she says. "Chevrolet is putting a l
of marketing effort behind it. For the most pa
these are for first-time new-car buyers. Th
felt they lost this market, and now they'
bringing them into the fold," adds the 32-ye

PHILIP MORRIS COMPANIES INC.

$1,120,422,900

MILLER BREWING CO.[subdivision]
Marketing/brand management: Vp brd & promo, **Dick Strup**
Agency: Backer Spielvogel & Bates, N.Y. Pres-mgr dir, **Dean Scaros**; Exec vp media, **Jay Schoenfeld**; Sr. vp grp media, **Gilbert Farley**
Black Agency: Mingo Group, N.Y.
Minority Agency: Mendoza Dillon & Associados, Inc., Newport Beach, Calif. Vp acct supr, **Eduardo Del Rivero**

18

MILLER LITE BEER
Marketing/brand management: Low calorie cat dir, **T. Gresk**; Dir adv svcs, **Robert Ward**; Brd mgr Miller Lite, **Jeff Rea**; Asst Brd mgrs, **T. Zak, R. DeGraff, B. Oglesby**
Agency: Backer Spielvogel Bates, N.Y. Sr vp-grp dir, **Howard Sherman**; Vp-mgmt rep, **Paul Daniusis**; Vp-acct supr, **Don Moriarity**; Vice chmn-dir of media & admin svcs, **Steve Leff**

34

MILLER GENUINE DRAFT BEER
Marketing/brand management: Sr vp mktg, **Chuck Schmid**; Prem cat dir, **Mary Seggerman**; Brand mgr, **Tom Cardella**; Dir adv svcs, **Robert Ward**; Asst brand mgrs, **Rob Olejniczak, Dave Rosenberg**
Agency: Backer Spielvogel & Bates, N.Y. Sr vp mgmt rep, **Tom Cotton**; Acct supr, **Laura Sawyer**; Acct execs, **Bob Sacco, Chip Telerico**; Asst acct exec, **Lisa Golden**; Vice chmn, **Steve Leff**

83

MILLER HIGH LIFE BEER
Marketing/brand management: Sr vp mktg, **Chuck Schmid**; Prem category dir, **Mary Seggerman**
Agency: Leo Burnett Co., Chicago. Acct dir vp, **David Selby**; Acct supr, **Doug Porter**; Acct execs, **John Sentell, Brian Goldner**; Sr vp-media dir, **Dick Hobbs**

PRUDENTIAL INSURANCE CO. OF AMERICA

$69,531,400

86

PRUDENTIAL INSURANCE CO. OF AMERICA
Marketing/brand management: Vp-public affairs, **Scott C. Mason**; Sr vp-Public affairs, **William H. Tremayne**; Dirs adv, **Mary Lou Sack, Gabrielle K. Shanin**; Mgrs adv, **Vickie J. Snoy, Karen A. Heid**
Agency: Lowe Marschalk, Inc. Exec vp-acct mgmt, **Eric Einhorn**; Sr vp mgmt svc dir, **John Oliver**; Acct supr, **Susan Shaffer, Steven Kelley**; Exec vp-media dir, **Jana Twyon**; Vp-grp media dir, **Art Tatnell**; Vp-assoc media dir, **Amy Marsh**; Media supr, **Rich Schneider**
Agency: Caroline Jones Advertising, Inc. Pres, **Caroline Jones**; Vp-acct supr, **Gina E. Ross**; Vp-mgmt supr, **Melvin C. Fallis, Jr.**; Media dir, **Cynthia Marshall**

SAFEWAY INC.

$38,605,200

68

SAFEWAY STORES
Marketing/brand management: Sr vp-dir mktg, **Burr Schinner**; Vp adv & prom, **Ron Giglio**
Agency: Ketchum, San Francisco. Pres, **Dianne Snedaker**; Acct supr, **John Oda**; Vp assoc crtv dir, **Dave Tyree**; Rsrch supr, **Jeanne Brown**; Vp dir brdcast prod, **Debra January**

SEARS ROEBUCK & CO.

$561,389,300

2

SEARS
Marketing/brand management: Nat'l rtl adv mgr, **Scott Harding**; Mgr nat'l media oper, **Skip Westerhold**; Vp mktg, **Thomas Morris**
Agencies: Ogilvy & Mather, Chicago. Exec vp mging dir, **Bruce Beach**; Sr vp client svc dir, **Bill McCarthy**; Sr vp-exec media dir, **Ken Ohr**; Vp-addt media dir, **Dave Wurfel**; Sr vp-dir of media plng, **Tom Bell**
Mendoza Dillon & Associados Inc., Newport, CA.
Vince Cullers Advertising, Chicago. Acct supr, **George Boykin**; Acct exec, **Steve Pickett**; Sr vp media dir, **Jeff Cullers**; Media dir, **Ed Renno**

61

DISCOVER CREDIT CARD
Marketing/brand management: First vp-Dean Witter grp mktg, **Bill Walsh**; Dir grp adv-mktg comm svcs, **Ernie Campo**
Agency: DDB Needham Worldwide, Chicago. Sr vp-acct dir, **Ray Gillette**; Vp mgmt rep, **Charles Austin**; Acct supr, **Colleen O'Sullivan**; Sr vp-assoc media dir, **Geoff McClelland**; Media supr, **Jeff Rezzutto**
Vince Cullers Advertsing. Mktg dir, **George Boykin**; Vp media, **Jeff Cullers**; Media coord, **Steve Pickett**

SOUTHLAND CORP.

$59,018,500

29

7-ELEVEN STORES
Marketing/brand management: Vp-mktg, **Steve Krumholz**
Agency: J. Walter Thompson, Chicago. Sr vp-grp dir, **John Wells**; Vp-acct supr, **Howard Pickett**; Media dir, **Alison Thompson**

SUBARU OF AMERICA

$110,760,800

Vp-mktg, **Chris Wackman**; Adv oper mgr, **Mark Dunn**
Agency: Levine, Huntley, Schmidt & Beaver Inc. N.Y. Suburu national account group: Vp mgmt supr, **Michael Elkisch**; Vp, acct supr, **Jerry Noonan**; Vp acct supr, **Aaron Belson**; Acct exec, **Jeffrey Petre**; Acct exec, **Cheri Deutch**; Vp dir media srvcs, **Ed Ronk**; Dir plng, **Michael Sadowsky**; Print media dir, **Vivian Riley**; Assoc media dir, **Toni Volk**; Media supr, **Queenie Lee**; Media plnr, **Beth Clayton**

28

SUBARU LEGACY
Marketing/brand management: Dir adv, **Ron Shangle**

old vice president and associate media director. Even though Kiyo fits in the target audience, research rather than gut reaction is what steers her media choices. "I wouldn't try to shoot from the hip," she says.

One of the nice things about working on a new car like Geo is that "it's easier to measure benchmarks. They're easier to see." One very happy benchmark she could point to was the fact that 275,000 Geos had been sold at press time.

Geo, which barely missed the top 100, was backed by $29 million in its launch last year. Some of that money was freed up from Chevy passenger cars overall spending, (#79), which took a 28% hit this year, down from $47 to $34 million.

When Kiyo isn't working on cars, she and her husband like to ski, golf and travel in Europe, where her husband's extended family lives.

Casey Davidson

TANDY CORP

$86,158,600

36 **RADIO SHACK**

Marketing/brand management: Vp mktg svcs, **David Beckerman**; Vp adv, **Mike Wood**; Adm adv mgr, **Fred Roeben**
Agency: Central Advertising Agency(in-house), Fort Worth, Texas. Agecy dir-media dir, **Linda Yarborough**

TEXAS AIR CORP.

$99,122,800

43 **EASTERN AIRLINES**

Marketing/brand management: Vp mktg, **George Brennan**; Mgrs, **Robert A. Wolf (vacation adv), Linda Collins (bus adv), Robert J. Bauer (sales prom)**
Agency: Lintas:N.Y. Sr vp dir, **Robert F. Henry**; Vp acct suprs, **T. Steele, D. McAfee**; Sr vp grp media dir, **Donna Campanella**; Vp assoc media dir, **Donna Cataldo**; Sr vp assoc mgmt suprs, **Warren Ruden, Glenn Marrichi, Fernando Bonet**

45 **CONTINENTAL AIRLINES PASSENGER SERVICE**

Marketing/brand management: Exec vp mktg, **John Nelson**; Sr vp mktg, **Jim O'Donnell**; Sr dir mktg, **Richard Metzner**
Agency: Wells, Rich, Greene Inc. Sr vp acct svcs, **Andy Russem**; Vp media grp head, **Emilie Smith**; Vp acct suprs, **Leslie Fanand, Teri Steele**

TOYOTA MOTOR SALES USA INC.

$292,346,500

25 **TOYOTA**

Marketing/brand management: Vp mktg, **George Borst**; Nat'l adv mgr, **David Pelliccioni**
Agency: Saatchi & Saatchi DFS/Pacific, Torrance, Calif. Pres & CEO, **Joe Cronin**; Sr vp media dir, **Richard Weigand**; Vp assoc media, **Katherine Jaris**

TOYOTA CAMRY

Marketing/brand management: Adv mgr cars, **Jon Bucci**
Agency: Saatchi & Saatchi DFS/Pacific, Torrance. Exec vp mgmt dir, **Warren Benjamin**; Vp acct supr, **Cathy Moylan**

62 **TOYOTA LIGHT TRUCKS**

Marketing/brand management: Corp mktg mgr, **David Danzer**; Adv mgr trucks, **Don Cecconi**; Adv admin sr(trucks), **Mark Gelfond**
Agency: Saatchi & Saatchi DFS/Pacific, Torrance, Calif. Sr vp-mgmt supr, **David Doyle**; Vp-acct supr, **Dixon Head**
Minority Agency: Conill advertising Inc., L.A.

TOYS-R-US INC.

$42,229,900

63 **TOYS-R-US MISC. PROMO.**

Marketing/brand management: Vp adv & mktg, **Ernest Speranza**; Dir adv, **Pamela Troxel**
Agency: Bohbot Communications Inc., N.Y. Vp acct supr, **Frann Goldstein**; Exec vp acct svcs, **Dennis Fogarty**; Sr vp local media, **Lou Abitabilo**

TRANSWORLD AIRLINES INC.

$46,430,300

40 **TWA AIRLINES PASSENGER SERVICE**

Marketing/brand management: Sr vp-mktg, **Robert Cozzi**; Vp-mktg svcs, **Kathleen Trepper**; Staff vp-sls & getaway vacations, **David Thomas**; Staff vp adv, **Sheldon Kravitz**
Agency: Young & Rubicam, N.Y. Sr vp grp dir, **Bob Donahoe**; Sr vp-mgmt suprs, **Peter Nicholson, Roger Chiocchi**; Vp acct supr, **Chris Callas**; Vp acct supr, **Randi Ireland**; Acct supr, **Evelyne Galbot**; Sr vp media, **Ira Kapowsky**; Sr vp grp supr-plng, **Joe Mannix**; Supr-plng, **Jamie Rhind**

US GOVERNMENT

$162,049,400

47 **US ARMY RECRUITING**

Marketing/brand management: Dir-adv & sls promo, **Col. David R. Fabian**; Deputy dir-opers adv & sls promo, **Lt. Col. Ronald L. Morsch**; Deputy dir-acquisition & prod, adv & sls promo, **Thomas W. Evans**
Agency: Young & Rubicam, N.Y. Sr vp-grp dir, **William Green**; Vp mgmt supr, **Clark Brooks**; Sr vp & mgmt supr, **Phil Cheevers**; Mgmt supr, **Kathi Marks**; Sr vp-media, **Bruce Wager**; Supr plnng, **Kerry Dyer**; Supr plnng, **Carole Walker**

US SHOE CORP.

$45,431,000

80 **LENSCRAFTERS**

Marketing/brand management: Vp mktg, **William R. Zeeb**
Agency: Advertising(in-house)

UNITED AIR LINES INC.

$78,336,200

14 **UNITED AIRLINES PASSENGER SERVICE**

Marketing/brand management: Exec vp mktg & plnng, **John C.Pope**; Vp adv, **John Ruhaak**; Dir adv, **Bill Alenson**; Mgr, **Bill Groundwater**
Agency: Leo Burnett Co. Inc., Chicago. Sr vp-acct dir, **Jim Thompson**; Vp acct dir, **Steve Crawford**; Vp-acct supr, **John Goad**; Vp-acct supr, **Wendy Peters**; Exec vp media srvcs div, **Willard Hadlock**; Vp media dir, **Mary Ann Cycyota**; Media supr, **Anne Parr**

UNITED PARCEL SERVICE

$49,057,800

41 **UNITED PARCEL SERVICE-AIR FREIGHT**

Marketing/brand management: Vp-mktg, **Larry Bloomencranz**; Mgr air mktg, **Joseph Pyne**
Agency: Ammirati & Puris Inc., N.Y. Sr vp-grp dir, **Steve Gardner**; Vp-mgr supr, **Chris Poke**; Acct exec, **David Snyder**; Vp assoc media dir, **Mae Ling**; Asst media dir, **Kevin Porter**

WINGING IT

"People want to know why I'm not in therapy at the moment," confesses Donald Morrison, senior vice president and associate media director of Saatchi & Saatchi DFS. No, he's not referring to a deep-rooted neurosis. He's talking about his ability to handle an airline media account for six years.

The account is Northwest Airlines, a work-intensive piece of business that is not for the faint of heart. But Morrison, 34, thrives on the hectic pace required to maintain a multitude of media plans with almost daily revisions.

A typical newspaper schedule for the client, for instance, might require insertions in upwards of 150 markets completed within a 48-hour period. "We're constantly rewriting the plan, but that's the excitement. Once you get accustomed, it is very stimulating," he notes.

Making the task all the more difficult is the complexity of the airline marketplace. Northwest has to compete nationally with the deep media pockets of United, American, Delta and TWA, and local airlines as well. To meet that challenge, Northwest increased ad spending more than 40% in 1989, says LNA.

Prior to the airline business, Morrison, a 12-year Saatchi veteran, worked on L'Eggs pantyhose and Toyota.

He likes to burn off steam playing in an amateur ice hockey league on Long Island. His quiet time is reserved for his family.

Joe Mandese

VONS COMPANIES INC.

$34,520,900

73 **VONS MARKETS**

Marketing/brand management: Vp adv, **Larry Davis**; Vp sls, **Phil Hawkins**
Agency: JYT/West. Sr vp deputy gm, **Mike Marsak**; Mgmt supr, **Paul Christy**; Exec media dir, **Ann Cruchley**; Acct suprs, **Eric Grayson, Sherry Sbarsky**

WALGREEN CO.

$41,154,900

60 **WALGREEN DRUGS & TOILETRIES**

Marketing/brand management: Vp mktg, **Vern Brunner**
Agency: Grenada Advertising Agency, in-house. Vp adv, **Claude Hinton**; Mgr media plng, **Tom Rood**

WENDY'S INTERNATIONAL INC.

$93,108,300

12 **WENDY'S RESTAURANTS**

Marketing/brand management: Exec vp, **Charles Rath**; Vp corp mktg, **Don Calhoon**; Vp corp comm, **Denny Lynch**
Agencies: Backer Spielvogel Bates, N.Y. & Columbus, Ohio. Exec vp coo, **Randolph Lindel**; Exec vp gm, **Raymond Caruso(Columbus)**; Vp-mgmt rep, **Bob Levinte(Columbus)**; Acct supr, **Tobi Hochman(N.Y.)**; Vp-assoc media dir, **John Gates**; Sr vp grp media dir, **Charles T. Ruiman**

WINN-DIXIE STORES INC.

$30,561,800

100 **WINN-DIXIE FOOD STORES**

Marketing/brand management: Vp-dir of adv, **G.E. (Mickey) Clerc, Jr.**
Agency: The William Cook Agency, Jacksonville, Fla. Sr vp-acct suprs, **Lura Benton, James Radcliffe**; Vp-acct supr, **Mike Russell**; Acct execs, **Dick Matthews, Marty Lynch, Glyn Denton, JoAnn Nolan**; Vp-dir of media svcs, **Robert Stone**

Sources

Consumer magazines and national Sunday magazines: Data summarized from the PIB Magazine Analysis prepared by Leading National Advertisers Inc. (LNA) of actual linage run in those publications. Expenditures are based on current one-time gross rates before discounts. Rates for national full-run insertions are based on ad size and coloration. Rates for regional and less than full-run insertions are determined by LNA editors based on circulation and rates supplied by the magazines. Covered are more than 150 consumer magazines and four national Sunday magazines, plus tear sheets of over 1,500 regional editions a year.

Network tv and network radio: Data secured by Arbitron's Broadcast Advertisers Reports, which monitors all network broadcasts except those of the Mutual Radio Network. Material is collected on audio tape and then translated into a sequential listing. Network tv and network radio rates are based on estimates provided by the three networks of per-minute cost for time and talent.

Spot tv: Data secured by Arbitron's Broadcast Advertisers Reports from listening posts in 75 top markets that monitor 319 stations for one week each month. These weekly records are projected to estimates of monthly spot tv usage. Spot tv rates are applied from a station rate deck that is constantly updated by agency buyers.

National syndication: Arbitron's Broadcast Advertisers Reports monitors the principal satellite transponders that carry syndicated shows 24 hours a day. Arbitron estimates brand expenditures by assigning an estimated national rate to each program, and applying that rate to each brand commercial that is monitored.

Brand dollar estimates are retabulated by *Decisions* by major brand name from the data just described. The brand data in greater detail is also available from each of the organizations that compile the data.

Spot radio: Data generated by Radio Expenditure Reports (RER) are calculated from a sample of 2,500 stations in 200 markets. RER's sources are 15 leading radio reps handling station groups that supply quarterly computer runs of the spots aired by station, by market, and by brand of product spots aired.

Outdoor: Data are based on information submitted to Leading National Advertisers (LNA) at the request of the Institute of Outdoor Advertising by outdoor plant operators in markets of 100,000 population or over. Covered is about 80% of total national outdoor advertising expenditures.

Newspapers: Data compiled by LNA/Media Records, which measured every ad in 147 daily and Sunday newspapers. Actual space is multiplied by the applicable one-time general open rate. Dollar estimates include newspaper supplements, color comic sections, rotogravure, all color ads.

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DISCOVER 50 MILLION HOMES

Discover The Network That's The Fastest-Growing Leader In Cable.

The Discovery Channel® has zoomed into more than 50 million homes.

Our first quarter primetime ratings are up 25% over last year–the highest increase of the top ten cable networks.*

Discovery™ is the #1 cable network among light TV viewers** and #1 in VPVH concentrations among men 25 to 54***.

We've done it by bringing an extraordinary array of programming into viewers' lives. Series, specials and documentaries on Science, Technology, People, Places, History, Nature, Health & Cuisine.

They're programs audiences can't find anyplace else: Over 75% of our schedule consists of U.S. and World Premieres.

So when you look for your audience, look to the one cable network that opens the world to them. And you.

The Discovery Channel.

Sales Offices:
New York [illegible]
Chicago [illegible]
[illegible]

SOURCES: *NHI Cable Activity Report; **Nielsen Quintile Study 2/89; ***NHI Cable Network Composition Report, 4th Quarter 1989.

ECONOMIC EYE

MAGAZINE AD SCORECARD	Ad Pages May 1990	% change from May 1989	Dollars spent (000)	% change from May 1989
1. Skin care, Creams, Lotions and Oils	122.30	-53.7	5,678.0	-49.9
2. Lip and Eye Beauty Products	105.16	-30.6	4,619.7	-17.5
3. Scents and Fragrances	398.31	8.5	13,878.1	14.7
4. Facial Makeup Products	100.68	16.3	4,905.4	45.7
5. Prepared Dinners and Entrees (including pizzas)	43.52	4.3	3,214.0	2.9
6. Liquor	477.70	16.2	22,582.4	18.4
7. Cigarettes	481.87	-41.8	30,983.5	-33.8
8. Soaps and Detergents	81.60	-41.8	5,408.5	+67.3
9. Passenger Cars, Domestic	474.78	-41.6	23,449.5	-46.4
10. Passenger Cars, Imported	457.22	-23.9	24,598.6	-23.3

Source: Publishers Information Bureau as prepared by Leading National Advertisers.

MEDIA COST INDEX

(The Media Cost Index is based on unit costs, which are the end-product of circulation/audience and CPM adjustments. They do not represent the efficiency of a given medium, only the out-of-pocket costs.)

1985 = 100	1989										1990					
	Aug.	% change	Sep.	% change	Oct.	% change	Nov.	% change	Dec.	% change	Jan.	% change	Feb.	% change	Mar.	% change
Network TV																
Daytime	67	–9	76	-48	80	-28	82	+3	74	+0.8	78	+0.6	75	+10	78	+14
Nighttime	135	+14	120	+2	119	+19	124	+10	123	+12	129	+6	131	+9	146	+17
Spot TV																
Prime time	134	+7	117	-15	116	-9	128	+23	130	+1	148	+5	130	+3	127	+2
Daytime	99	-1	94	-11	94	-12	98	-5	97	-1	122	+5	100	-16	99	+2
Network radio	127	+15	127	+14	142	+8	139	+11	131	+10	173	+10	157	+11	152	+9
Spot radio	–	–	112	+7	–	–	–	–	114	+4	–	–	–	–	118	+0.3
Consumer magazines	123	+8	124	+7	123	+7	123	+5	123	+3	130	+7	131	+8	131	+8
Natl. Sunday magazines	141	+10	141	+10	141	+10	141	+10	141	+10	132	+2	132	+2	139	+8
Business publications	123	+6	123	+6	123	+6	123	+6	123	+6	128	+8	128	+8	128	+8
Newspapers	131	+6	131	+6	131	+6	131	+6	131	+6	138	+6	–	–	–	–
Outdoor	132	+8	132	+8	132	+8	132	+8	132	+8	141	+3	141	+3	141	+3

Notes: Percentage shown is relative change from the same month/period the year before. Newspaper figures reported for January and July only.

While retail newspaper advertising rose 2.7% during first quarter '90, overall spending vs. '88 was down 0.3%, reports the NAB.

Sources:

Nighttime Network TV- Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service.

Daytime Network TV- Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service.

Nightline Spot TV- Cost per average 30-second spot, 7:30-11p.m. Monday-Saturday and 7-11p.m. Sunday from Arbitron/Broadcast Advertisers Reports' Spot TV Service.

Daytime Spot TV- Cost per average 30-second spot, 10a.m.-4:30p.m. Monday-Friday from Arbitron/BroadcastAdvertisers Reports' SpotTV Service.

Network Radio- Cost per average 30-second radio announcement from BAR's Network Radio Service.

Consumer Magazines estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn.

National Sunday Mags estimate based on published (rate cards) costs of a page, four-color in the national entries.

Daily Newspapers estimate based on Newspaper Advertising Bureau report of SRDS costs per column inch of a sample of 784 newspapers weighted to represent the universe.

Outdoor Posters based on estimate prepared by Institute of Outdoor Advertising.

Spot Radio index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

Business Publications estimates based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications.

C2950-3

M&MD
MARKETING & MEDIA DECISIONS
AUGUST 1990 · $4.00

MEDIA COSTS 1991

It's a cold, hard light
that's beaming in on budgets
and costs. Who gets what?

20814CHRISG005 0100000000 MM
GREG CHRIS
CONGRESSIONAL INF SVC
4520 EAST-WEST HWY #800
BETHSEDA MD 20814 87

EDITOR'S NOTE

In an economy that has everyone guessing and then guessing again, making a call on what's next is as easy as leaving Las Vegas with your money intact. Maybe that's why our poll of media directors on anticipated media unit costs in 1991 turned up an average jump of 5.6% — exactly the same as they say occurred in 1990.

In conversations with economists, analysts, clients and media buyers and sellers, it's clear that even the constants seem likely to change. Television will continue to benefit from its supply/demand advantages, though that supply is growing. Magazine budgets are tight as a fist, and clients are likely to hammer away at publishers; but negotiations have taken a big toll on their margins, and a postal hike may push publishers to the wall. Newspapers' national rates have become much more flexible as the dailies struggle to maintain whatever business they've got. And outdoor, long dominated by tobacco, will probably see smokes fall to number two this year. So much for business as usual.

Those venturing a guess are playing it safe, with close agreement between the hikes that hit in 1990 and what they expect to pay next year. Cost predictions range from a high of +9% for cable, which is bulging with disaffected broadcast advertisers, to a low of 4% for daytime, which is surprisingly strong given daytime's past performance. These two segments also varied the most when you look at what people expected to pay in 1990 and what media directors say they actually paid. Cable was anticipated to rise 10.3%, yet media directors say the increase averaged only 7.6%; daytime was expected to only get a 0.6% lift in 1990, yet our poll shows they paid +4.2%.

The full figures kick off this special issue on page 23, followed by individual analyses. They'll shine a bright light on the year ahead. And as the tentativeness of the market suggests, we can use all the light we can get.

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Howard Nass has a *new* new job; Craig Standen consolidates his newspaper thinking; and Bill Behrmann wants to put Motown on the agency map.

DEBUT 12

Well, well, well. They can't say that enough at *Eating Well*, a new entry in the food-magazine category that promises to feed us good food that's good for us.

NEWSBEAT: MAGAZINES 13

News Corp. gives Saturn its all, to good effect . . . Two publishers size up their options . . . A family project for the Seven Sisters.

NEWSBEAT: NEWSPAPERS 14

Sears takes a long, hard look at ROP . . . INAME claims papers are getting soaked by new third-class saturation rates . . . A VCR/paper connection.

BUSINESS-TO-BUSINESS 16

Both b-to-b agencies and business-book publishers have stepped up their show-biz activities — trade shows, that is. These expos are attracting more and more marketing dollars, which is easy to do when it costs so much to participate.

AS THEY SEE IT

TELEVISION Ron Lawrence 71

Enough, already. Network's advantages more than outweigh its set-backs.

MAGAZINES Debbie Solomon 73

Magazines should take more action to reduce the amount of waste that the industry produces.

CABLE Bill Harris 74

Though cable is having a good year, its heyday might be over.

PLANNING Matthew Schwach 76

Buzzwords are nice, but it's a focus on the basics that will determine a media department's effectiveness.

Cover Illustration by Tom Cushwa

EPCOT CENTER

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There's a movement afoot to push back the upfront . . . Seagram on the rocks . . . AmEx opens up in-house . . . McCann's interactive activities.

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Media people who have put the findings of the MPA's print/tv study to work say it has in fact changed some of their assumptions about media strategy.

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You've read where media costs are going; now confirm where they've been with our Media Cost Index through April 1990. Also, an update of magazines' top ad categories.

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Our exclusive survey of media directors at the top-billing agencies shows the increases they paid for media in 1990 and what they expect to pay this year.

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Economists and media analysts both say slow when they appraise 1991.

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Seer Betsy Frank risks a three-year projection of media costs.

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CABLE 37
It's boom time all over again as broadcast scares advertisers into cable's net.

RADIO 42
Oh, for the oldies. New times are much softer for broadcast's oldest medium.

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For publishers, the year's a tear-jerker as they try to maintain margins in a sagging market.

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"It's like a flu," says one publisher of his condition. The remedy: smaller cost increases and new business activities.

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The news isn't good, so publishers are more open-minded about rates.

OUTDOOR 62
Hats off to this medium's efforts to lure in new ad categories.

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Home is where the activity is as publishers narrow their focus.

DIRECT MARKETING 68
Direct marketers will get a lickin' by the post office this year.

BRAND REPORT:

Mass & Class Retail

When times get tough, the tough used to go shopping. Now they're sitting on their wallets, and retailers are trying to get them back on their feet.

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MEDIA COSTS

Our poll of the top media departments shows an average unit-cost jump of 5.6%.

MEDIA COSTS RISES

	1991 vs.1990	1990 vs. 1989		1989 vs. 1988		1988 vs. 1987		1987 vs. 1986	
	Anticipated	Actual	Anticipated	Actual	Anticipated	Actual	Anticipated	Actual	Anticipated
Average increases—unit cost									
Nighttime network tv	5.7%	8.2%	6.0%	5.0%	3.5%	5.9%	6.0%	3.2%	4.0%
Daytime network tv	4.0	4.2	0.6	- 8.0	- 1.4	- 3.4	0.5	- 7.7	- 3.8
Spot tv	4.9	4.8	5.1	4.6	5.0	5.9	8.4	5.6	5.5
Network radio	4.9	4.6	5.3	4.3	3.3	3.2	6.4	5.7	5.1
Spot radio	4.3	3.6	4.2	4.5	3.9	4.0	6.0	4.4	4.4
Consumer magazines	6.7	6.2	6.3	5.7	5.0	4.7	5.6	4.3	6.7
Sunday national magazines	5.3	6.3	—	—	—	—	—	—	—
Cable	9.0	7.6	10.3	18.7	—	—	—	—	—
Daily newspapers	5.7	6.1	5.2	6.1	6.1	6.0	6.6	6.5	7.2
Outdoor posters	4.4	4.9	4.8	6.2	5.1	4.8	5.3	4.9	5.3
Business publications	6.4	4.7	5.6	5.5	4.9	4.9	5.4	5.3	6.3
Yellow pages	5.2	5.3	5.3	5.7	5.3	5.2	—	—	—
National syndication	5.9	6.2	3.8	4.8	3.2	5.4	—	—	—

ANTICIPATED MEDIA COST MOVEMENTS

1991 vs. 1990 (average changes)

Medium	Unit Cost	Audience	CPM
Nighttime network tv	5.7%	- 2.0%	7.7%
Daytime network tv	4.0	- 2.8	6.8
Spot tv	4.9	- 0.3	5.4
Network radio	4.9	0.8	4.1
Spot radio	4.3	1.9	4.7
Consumer magazines	6.7	1.0	5.7
Sunday national magazines	5.3	1.3	4.0
Cable	9.0	4.3	5.0
Daily newspapers	5.7	0.1	5.8
Outdoor posters	4.4	1.4	3.0
Business publications	6.4	1.5	4.9
Yellow pages	5.2	1.2	4.0
National syndication	5.9	- 0.2	5.7

Response Ranges

Nighttime network tv	0/+10	- 7/+12	+5/+12
Daytime network tv	- 5/+10	- 14/+8	- 6/+13
Spot tv	0/+10	- 7/+10	+2/+12
Network radio	0/+10	- 2/+5	- 3/+9
Spot radio	+1/+9	- 1/+7.5	+1/+10
Consumer magazines	+3/+10	- 1/+9	+3/+10
Sunday national magazines	+3/+11	- 1/+4	+1/+11
Cable	0/+20	- 3/+14	- 5/+10
Daily newspapers	+2/+9	- 5/+7	+3/+9
Outdoor posters	- 5/+9	- 3/+7	- 5/+7
Business publications	+3/+10	- 2/+7.5	+3/+12
Yellow pages	+2.5/+7.5	0/+2.5	+2.5/+7.5
National syndication	+2/+15	- 5/+5	- 3/+10

ACTUAL MEDIA COST MOVEMENTS

1990 vs. 1989 (average changes)

Medium	Unit Cost	Audience	CPM
Nighttime network tv	8.2%	- 2.6%	10.9%
Daytime network tv	4.2	- 4.2	8.4
Spot tv	4.8	- 0.9	5.6
Network radio	4.6	- 0.4	4.2
Spot radio	3.6	0.9	4.5
Consumer magazines	6.2	0.9	5.6
Sunday national magazines	6.3	0.7	5.4
Cable	7.6	3.6	4.1
Daily newspapers	6.1	- 0.4	6.5
Outdoor posters	4.9	1.5	4.0
Business publications	4.7	0.5	5.3
Yellow pages	5.3	1.0	4.6
National syndication	6.2	- 1.5	7.7

Response Ranges

Nighttime network tv	+3/+15	- 6/+9	+6/+15
Daytime network tv	- 5/+9	- 8/+5	- 7/+11
Spot tv	+2/+8	- 5/+3	+3/+10
Network radio	0/+11	- 2/+1	0/+11
Spot radio	0/+6	- 5/+5	0/+7
Consumer magazines	+4/+8	- 2.5/+10	+2/+10
Sunday national magazines	+2/+12	- 5/+3.5	+2/+11
Cable	+2/+15	0/+10	+2/+5
Daily newspapers	+3/+10	- 7/+6	+3/+10
Outdoor posters	- 5/+10	- 1/+7	- 5/+6
Business publications	+4/+9	- 1/+7	+3/+9
Yellow pages	+3.8/+7.5	0/+2	+3.8/+7.5
National syndication	+3/+11	- 8/+4	+1/+11

All Charts by Holly Klein

WAIT TILL NEXT YEAR

Exports are up, inventories are low and new markets have opened in Eastern Europe. Yet uncertainty is the only sure thing among economists. The call: slow growth.

by Brian Bagot

It's fence-sitting time as experts try to read an economy that defies categorization. The soft landing that most predicted last year feels harder in the Northeast than in other regions of the U.S. And indicators are a mixed bag, causing a lot of economic double-speak.

"It will be a very fragile year," says the Conference Board's Delos Smith, who foresees "a decent year, but nothing spectacular." In fact, "slow growth" is this year's mantra.

On the up side, exports are expected to strengthen, which should ease inventory pile-up and spur production. But the flip side shows autos stalling in showrooms, for-sale signs fading on every other lawn and everyone from the federal government to your mother is learning to live on less. Business, too, is thinking lean and mean, and ad budgets, in the main, will freeze. Media, therefore, will proceed with caution when it comes to rates.

Delos Smith
Economist,
The Conference Board

"We have a very optimistic forecast," says Smith, though recent softness in retail sales, he admits, may warrant revised thinking. For now, he pegs GNP growth for the rest of the year at 3.3%, slowing to 2.2% for the first half of 1991.

Smith's upbeat view stems from his conviction the exports will grow, priming the production pump. "Inventory investments are too low, and there's going to have to be some rebuilding," he explains.

Further, Smith doesn't see the consumer pessimism that is so widely talked about. "Our Consumer Confidence Index, even though it is not at the highest level, certainly is not showing [much of a decline]. Buying plans definitely picked up and expectations are still holding up very well."

The downside? The resolution of the "damn savings and loan mess," says Smith, who fears the costs and repercussions could seriously snag the economy.

Edward McKelvey
Vice president, senior economist,
Goldman Sachs & Co.

Like Smith, McKelvey sees rebuilding at most levels of production and distribution. But when it comes to consumers, "underneath, demand will be really weak." Efforts by the government to cut spending also

PROJECTED INCREASES AT A GLANCE

	GNP	Unemployment	CPI	Interest Rates (T-bills, 3 months)
Delos Smith				
Second half of '90	3.3%	5.3%	5.2%	8.2%
First half of '91	2.2	5.3	5.5	8.1
Richard Rippe*				
Second half of '90	2.1	5.7	3.85	7.35
First half of '91	2.2	5.6	4.0	7.65
Edward McKelvey				
Second half of '90	1.5	5.75	5.0	7.0
First half of '91	—	—	5.0	—
David Klein				
Second half of '90	2.0	5.0	4.5	7.5
First half of '91	2.0	5.0	4-4.4	7.75
Rosanne Cahn				
Second half of '90	1.3	5.6	4.4	7.25
First half of '91	1.0	5.8	5.2	6.75

Source: Marketing & Media Decisions.
*Numbers supplied by research department of Dean Witter Reynolds.

add to his pessimism. "If they succeed in cutting the deficit, that's going to be a strain on the economy."

For the rest of this year, McKelvey sees an average GNP growth rate of 1.5%, with the third quarter seeing 2.2% and the fourth quarter 0.5%. The big spread is "because of a buildup in auto production in anticipation of a strike. I don't think it really signals a meaningful difference in the trend growth rate." First half 1991 GNP is expected to be "about 1%."

Looking back at last year, McKelvey agrees the economy had a soft landing. "The hard part has been the corporate profit center. Profits are down." Earnings for Standard & Poor 500 companies, per share after taxes, were down 3.7% in '89. That's after a 35% rise in '88.

David Klein
Economist, Paine Webber

Klein sees Eastern Europe being a plus for the U.S. economic picture, but "you're looking at countries that are going to have very large credit demands," and he questions whether lending-wary banks will in fact extend these nations' credit.

Meanwhile, Klein says the dollar's decline over the last half of '89 and the first half of '90 has had a "stimulative effect on exports. I think high exports are going to keep the dollar from losing ground."

Klein's short-term outlook is for a little bit slower than 2% growth. Unemployment will also be flat at about 5% throughout. Inflation should be "around 4.5% and a little bit lighter for the first half of '91, 4%-4.4%," he says.

Rosanne Cahn
Vice president, economist, First Boston Corp.

"It's a super-soft landing, which means we've avoided a recession," says Cahn. Cahn sees CPI increasing 4.4% for the second half and 5.2% for first half of '91. She cites "the imposition of sales and excise taxes, which boost the CPI." And unemployment is expected to be 5.6% for the second half, and 5.8% for first half of '91. She feels the unemployment picture is a pretty good one, although some economists might argue that a low unemployment rate contributes to wage inflation.

MEDIA ANALYSTS

Ed Atorino
Vice president, media analyst, Salomon Inc.

Although the trouble the networks are having with erosion and ratings data had a negligible impact on upfront, Atorino still sees advertisers moving to other media in disgust. "I know advertisers are going to try to shift some dollars, but how much is a problem," he says.

He also reminds the world that there is a second part of the tv equation coming this fall, and that's the scatter market. "If advertisers are unhappy with audience levels or program development, scatter will be affected," Atorino explains. "On the other hand if the networks slow the audience decline, and they have a few hits in the fall, scatter market could be quite strong."

He sees, overall, network rates up about 7%-8%, but cable outpacing it once again by commanding double-digit jumps, between 10%-15%. In print, magazines should get increases of around 4%-5%, while newspapers will be in the vicinity of 3%-4%.

Ken Noble
Media analyst, Paine Webber

Newspaper ad rates should go up about 5% in the second half of this year and about 6.5% in the first half of '91, according to Noble. Magazines on the other hand may *want* to raise rates, but Noble is doubtful they will, even in the face of an impending postal rate hike early next year. "That's going to be passed along as much as possible to subscribers," he explains.

He thinks network tv is harder to call. "I think they'll be in the 5% to 6% area, too," he says cautiously. Cable should be stronger, with rates up about 10% as that medium's audience continues to expand.

Noble feels cable will push hard for solid gains because of "its continuing growth in audiences, continuing improvements in ratings technology and rate regulation on the basic services. It will tend to shift more of the increases, such as they are, to advertising and other non-regulated activities."

Dennis McAlpine
Senior vice president, media analyst, Oppenheimer Co.

"Theoretically," says McAlpine of tv, "network CPM should go down, and network unit prices should go down because the Ms are going down in the CPMs." That's theory — now to practice. "It's a great poker game." Right now, the oddsmakers — McAlpine won't commit — are calling for upped stakes in the mid-to-high single digits. For spot, McAlpine says it will be weaker, predicting only a 3% rate hike.

Tuning in cable, he thinks, "Basically, they're still going to sell off a discount, for the most part, to network. They're trying to decrease that discount, but I don't know if they'll be able to."

Magazines should get 6% increases on the card, but McAlpine says in some cases, "they're going to keep the rate the same and reduce the rate base," thus raising CPM. "Newspapers will be up 4%-5%," says McAlpine.

Chris Dixon
Vice president, media analyst, Kidder Peabody

"The bottom line is we're looking for somewhere between 6% and 6.5% growth in network. I expect to see a drop in automotive that should be more than offset by national packaged-goods advertisers."

He sees Fox playing some tricks in the marketplace, making it difficult to read this year. But with the upfront behind them, network tv execs should be able to push their rates up overall about 7%, according to Dixon, while local radio and tv should see increases of 6%. For magazines and direct mail, Dixon agrees with McCann-Erickson's projections and sees rates going up around 6.6% and 5.5%, respectively, in the face of hefty postal-rate increases. ■

AS SAATCHI SEES IT

Saatchi & Saatchi's seer makes a three-year call on the media's futures. For now, costs appear to be under control.

by Betsy Frank,

senior vice president, director of television information and new media

"Advertising Business Is in Recession, but Very Few Dare to Admit It."

-*Wall Street Journal*, April 26, 1990.

"Media Recession? Not Yet."

-*Advertising Age*, April 30, 1990.

Contradictory headlines like these make media forecasting even more difficult than usual. On the one hand, the print media, especially newspapers, are in the doldrums, and the most optimistic forecasts call for virtually flat revenues in 1990. The broadcast media, on the other hand, are anticipating continued growth.

Demand for network tv appears strong, with increased spending for packaged goods, fast foods and motion pictures compensating for automotive cutbacks. We project that three-**network** revenue will increase by 2% in 1990, 4% in 1991 and 6% in 1992, Significant increases for Fox will boost the four-network revenue total by 4%, 7%, and 9% over the next three years. With the Olympics and a presidential election, 1992 will be particularly strong.

The health of local television is, by definition, a function of the health of the individual local economies, which are currently soft. With **spot television** so dependent on the troubled retail sector and the uncertain automotive category, no one is predicting a quick turnaround.

There are a few bright spots, however. Fast foods and motion pictures could pick up some of the slack from troubled categories. The Television Bureau of Advertising (TVB) estimates that local stations could take in an additional $230 million in 1990, most of it in states with highly visible elections, including California, Florida, and Texas. Also, there is record-setting demand for children's television, which independent stations program on weekdays. In 1989, national spot grew about 3% and local 5%. We are projecting similar increases for 1990 and 1991, and somewhat higher for 1992.

As **cable** penetration and cable audiences continue to grow, advertisers are diverting more national television dollars to this generally efficient medium. It has become more sophisticated in its marketing and is producing more original programing. Cable is acquiring more top-tier sports events, and is finally able to better document its audiences. Therefore, we expect cable to grow at a healthy pace over the next few years, estimating 20% growth in 1990 and 17% in 1991 and 1992.

ADVERTISING REVENUE ESTIMATES (MILLIONS)

	1990	% Change	1991	% Change	1992	% Change
Television						
*Network	$10,215	+ 4.1%	$10,954	+ 7.2%	$11,970	+ 9.3%
Spot	15,756	+ 4.0	16,392	+ 4.0	17,304	+ 5.6
Cable	2,366	+ 20.5	2,761	+ 16.7	3,230	+ 17.0
Syndication	1,250	+ 19.0	1,438	+ 15.0	1,610	+ 12.0
Radio						
Network	450	+ 5.4	474	+ 5.3	506	+ 6.8
Spot	8,601	+ 7.0	9,115	+ 6.0	9,676	+ 6.2
Magazines	10,357	+ 4.0	10,979	+ 6.0	11,747	+ 7.0
Newspapers	33,048	+ 2.0	34,039	+ 3.0	35,401	+ 4.0
Outdoor	1,653	+ 8.0	1,775	+ 7.4	1,906	+ 7.4
Total Major Media	83,696	+ 4.2	87,927	+ 5.1	93,350	+ 6.2

*ABC/CBS/NBC/FBC

Source: Saatchi & Saatchi Advertising.

Increasingly, advertisers are putting **syndication** under a microscope as they incorporate it into the television mix. Program clearances remain a problem, and many deals are now being made on a "tiered" basis, with costs and rating projections uncertain almost until the program goes on the air. As with cable, syndication will benefit from a healthy network marketplace; in fact, this year's demand for children's television, as well as healthy increases for a few very desirable programs, could drive revenues ahead by 19% in 1990.

"Media dependent on local retail, tobacco, autos, alcohol and financial services are likely to be ailing."

Betsy Frank

Network **radio** has enjoyed a positive 1990 to date. However, the continuing softness among the automotives (and radio's dependence on this category) has caused us to revise our spot radio projections to a 5.4% increase.

While new titles have proliferated, the top **magazines** have seen their ad revenue decline, with the biggest hit coming from the tobacco category. Potentially even more damaging are automotive cutbacks, since this category traditionally accounts for about 15% of all magazine advertising. A shakeout of the glutted magazine marketplace appears to be getting underway. Like the networks, which saw their audiences erode, the larger magazines will have to work harder, offering more attractive prices, added value and integrated marketing opportunities. We see growth at only 4% this year, gaining some strength in 1991 and 1992.

If the headlines regarding the overall health of the media are contradictory, there is no uncertainty when it comes to **newspapers**, which are in the worst slump since the early '70s. Last year was weak, and 1990 is even weaker, especially in the Northeast.

In the past, trouble in one ad revenue sector has generally been compensated for by relative health in others. Recently, however, newspapers have been plagued by weakness in all three: local advertising has suffered because of bankruptcies of major department stores and smaller chains; classified advertising is down as real estate, automotive and help-wanted ads have declined; and national advertising, although only 10% of the total, has been pinched by cuts in spending by tobacco and automotive companies. Adding to the problem is declining circulation; readership has been dropping, particularly among baby boomers and women. We are projecting only modest revenue growth of 2% for 1990, with some upturn in 1991 and 1992.

We see **outdoor** growing by about 8% annually for the next several years. While the industry is facing ongoing cuts from tobacco and alcohol advertisers, recent attempts to attract new categories (packaged-goods, etc.) appears to be bearing some fruit.

Over the last several years, we have seen CPM increases come more into line with general inflation, and the next several years will continue that pattern. Network television, however, continues to be the wild card, with prime-time (and sports) efficiencies seemingly not subject to the same laws of supply and demand as the rest of the U.S. economy.

Overall uncertainty in the economy is combining with more specific problems impacting the media themselves. So as we face the new decade, we have to describe ourselves as simply "cautious." Good-bye, '80s; welcome to the '90s! ■

YEARLY PERCENT INCREASES IN CPM

	1983	1984	1985	1986	1987	1988	1989	1990*	1991*	1992*
Broadcast										
Prime Network (HH)	2%	20%	5%	4%	11%	3%	8%	12%	9%	9%
Day Network (HH)	1	18	12	-6	1	-12	3	8	4	3
Spot TV (HH)	8	9	9	6	6	8	5	6	6	5
Network Radio (A18+)	11	9	8	9	6	4	6	4	-3	4
Spot Radio (A18+)	8	7	8	6	6	6	6	6	6	6
Print										
Magazines (Circ)	6	7	8	6	6	6	6	5	6	6
Newpapers (Circ)	14	13	10	7	7	6	6	6	6	6
Outdoor (A18+)	8	9	8	6	5	5	5	5	5	5
CPI	3.2	4.3	3.6	1.9	4.4	4.4	4.8	4.8	—	—

Sources: *1982-1989* *Network Television: Nielsen CPM Reports* *All other media: SSA* *1990-1992* *All media: SSA* ** Estimates*

NOW YOU SEE IT, NOW YOU DON'T

The upfront flashed, but soon the smoke cleared and the marketplace cooled to more realistic levels. One surprise, though: daytime's strength.

by Joe Mandese

Smoke, mirrors and a lot of sleight of hand. Whatever it takes, the broadcast networks once again managed to perform their annual magic in conjuring upfront demand — and respectable prices — for network tv time despite declining viewership. Like it or not, say buyers, the nets are still the only wizards in town capable of casting a big spell in the marketplace. And everyone wants to be first in line.

Once the pixie dust settles, though, reality should kick in. Continued uncertainty about the economy, further loss of ratings share and new policies for audience guarantees are taking the magic out of the overall network market. Fox has broadened the offerings, and syndication and cable, the nets' apprentices, should steal a bit of the thunder. All told, national broadcast should see rates grow in the mid single-digit range. Prime will average 10%-12% gains. Even daytime, which had seen only minor gains during past seasons, saw increases in the 10% range during the upfront.

In total, the four networks (including Fox) wrote between $4.3 and $4.4 billion in upfront prime-time sales, a modest increase over last year's $4-4.2 billion marketplace. And much of that growth came from Fox's expanded inventory (the network increased from eight to 12 hours of prime-time program sales), which tallied about $550 million in upfront sales, up from about $300 million the previous year.

NBC continued as the prime-time sales volume leader with about $1.5 billion (down from $1.65 billion last year), but ABC had the greatest growth, rising from $1.25 billion last year to about $1.4 billion this year. CBS, meanwhile, declined slightly from about $1 billion last year to about $900 million this year.

Upfront rate increases varied significantly by network and advertiser. In general, ABC led the three major networks with mid-double digit CPM increases, followed by NBC in the 10% range and CBS around 6%-7%. Fox garnered increases of nearly 20%.

The market exploded early with high double-digit rate increases paid by the automotive and movie categories, which are notorious for buying premium positions. But that isn't necessarily indicative of the strength of the overall market. "The movie companies and the cars create their own market," notes J. Walter Thompson senior vice president and director of network negotiating John Sisk. "They've got their specific targets and their nights of the week. The more restrictions you put on the buy, the more expensive it will be."

However, he notes that the more moderate demands of most network advertisers were met with more moderate rate increases. "I'm not saying that the networks rolled over and played dead, but neither did we. Nobody paid more than they were prepared to."

Most significant in moderating upfront prime-time costs this year was a drop-off in the leading category. Automotive spending declined from about $700 million last year to about $575 million this year. While the movie category was up substantially, slight increases in other major categories also helped fill the gap.

"While the automotives don't seem to be up in a major way from what was last year's boom, we are seeing packaged-goods money up, and we're starting to think that this may signal some disenchantment with short-term promotional spending and a return to media," observes CBS senior vice president of entertainment marketing and sales Jerry Dominus. "Compared to the current predictions for the economy by the business community, the network outlook is more positive and stronger in growth," adds ABC executive vice president of sales Jake Keever.

But others think that a fall-off in the lead network category may be a harbinger of things to come. The question remains of how strong the charm of network tv time really is. Although the upfront did its usual hocus-pocus, the reasons are less clear. Did people shift a greater share of their budgets upfront? If so, what will be the impact on scatter market demand? Will economic conditions bear out the upfront demand, or will a weak economy cause advertisers to exercise cancellation options and dump some of their upfront commitments on the scatter market?

"It was a strong upfront, but it's not necessarily strong for the entire year," says Lowe & Partners vice president of national broadcast Estie Todtman. "Last year had a strong upfront, but we had very soft second and third quarters. So, we might anticipate the same thing for next year." Todtman forecasts tight fourth- and first-quarter scatter markets, but some softness in the second- and third-quarters of 1991, "because everybody spent their money in the upfront. They went for protection."

Others agree that the true test of the 1991 television marketplace relies on how strong demand remains for scatter inventory. "While we are looking at substantial price increases for the 1990-91 season, I think there is reason to believe that the normal differential between upfront and scatter might not be as great," notes Foote, Cone & Belding executive vice president and corporate media director Joe Ostrow. While advertisers normally pay higher rates for network time bought in the scatter market, Ostrow believes it may "not be as high as it has been in the past. We're really looking at three markets: upfront, scatter and distress."

Distress would be an appropriate word if scatter prices fall near or below upfront rates. Indeed, beneficial pricing is one of the main reasons why advertisers buy network time upfront. And one of the other big reasons, audience guarantees, has been devalued this year by the networks' new policies. If advertisers believe they would do as well in the scatter marketplace, then they would lose some incentive to commit their budgets upfront.

But regardless of how the upfront/scatter dynamic plays out, the overall supply/demand ratio of network time defies logic for some observers. For several years now, advertisers have been paying significant increases to buy network tv shows that have been delivering smaller and smaller audiences. Some argue that this more-for-less scenario merely reflects pure marketplace conditions. As they explain it, network time is a commodity and advertisers aren't actually buying shows, but gross rating points (GRPs) that reach specific target audiences. And like any commodity, as the supply of network GRPs is diminished and advertiser demand remains constant, then prices should go up.

Indeed, that has been the case. But that scenario assumes that the actual supply of GRPs has been reduced. In fact, it has remained fairly constant. While the average network rating has dropped significantly during the last decade, the networks have offset that by expanding the number of commercial units. And ad units times rating points equal gross rating points.

While the average network rating for all dayparts dropped 20.1% between 1983 and 1989 (see chart), the supply of commercial advertising units rose 37.6% largely because of the influx of 15-second commercials. As a result, the supply of network GRPs rose 9.8% during the period. While use of :15s appears to have leveled off, the networks continue to expand their inventory by squeezing in brand new units.

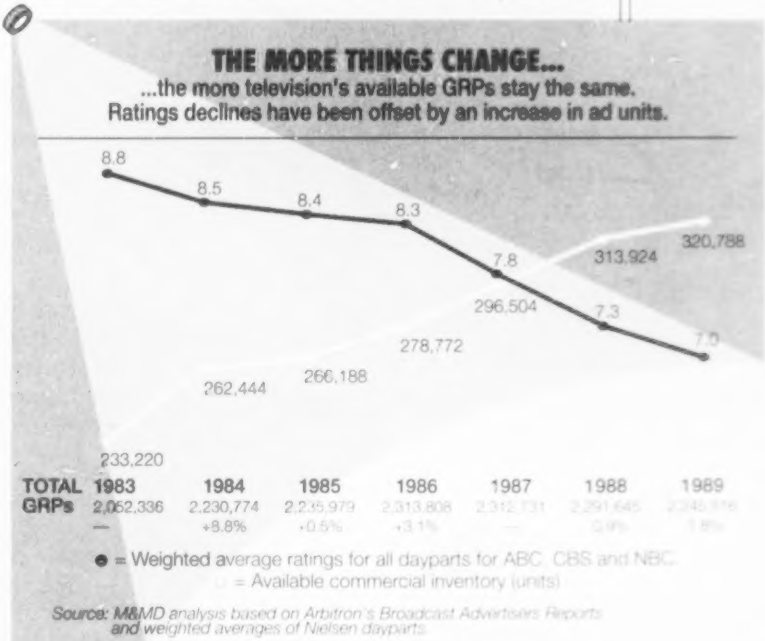
"The networks all added inventory in January," notes N W Ayer director of broadcast programing Aaron Cohen, estimating that the supply has increased by about 50 units a week. That's a considerable amount when you put dollars against it," he says. "Plus Fox is eating up more money with two additional nights of programing, and more money is being spent in syndication and cable. So you aggregate it, and you end up with a whole lot more inventory." (According to an estimate by *Broadcasting* magazine, the new units added this year by the three networks are equivalent to $150 million in network sales.)

With the supply of national tv GRPs rising so fast, one has to wonder how solid demand actually is, says Cohen, noting that only the scatter market will tell for sure.

SYNDICATION AND UNWIRED NETWORKS

Due largely to the strength of the network upfront marketplace and the fact that they continued to offer conventional audience guarantees while the three networks modified theirs, major syndicators and unwired networks wrote record upfront business for the 1990-91 season. However, as Leo Burnett senior vice president and media director Dick Hobbs notes, the syndication market has "polarized" into two markets: the top-rated shows and all the rest. "As the market has polarized toward fewer top-rated programs, the pressure against those programs has been even greater than in past years," he explains.

As a result, those shows saw the heftiest rate gains and are said to be closing in on network CPMs. "The first tier has become highly competitive to network


THE MORE THINGS CHANGE...
...the more television's available GRPs stay the same.
Ratings declines have been offset by an increase in ad units.

Source: M&MD *analysis based on Arbitron's Broadcast Advertisers Reports and weighted averages of Nielsen dayparts*

CPMs, but should stay below it," notes George Back, president of All American Television and the Advertiser Syndicated Television Association (ASTA). However, with that top tier representing about two-thirds of the syndicated shows, he estimates that overall prices will rise at near double-digit levels in 1991.

As for dollar volume, based on a solid upfront market, ASTA is projecting that the syndication market will yield about $1.4 billion, up from $1.25 billion last year.

Like syndication, the unwired networks benefited from the aggressive audience guarantee policies adopted by the Big Three. "We're seeing a lot more activity than we were a year ago," notes Frank Henderson, vice president of sales for the Independent Television Network, which represents half of the $100 million-plus unwired network business. He estimates that ITN's dollar volume will grow from about $50 million in 1990 to about $75 million in 1991 on CPM gains of 8-10%. "If we don't hit $60 million, I'll know that we screwed up," he says.

SPOT

"From a cost standpoint, I'd say that spot was a bargain in 1971 and 1981, and it will be a bargain again in 1991," is how Blair Television senior vice president and director of regional sales Floyd Gelini characterizes the strength of the spot tv sales market in 1991.

Buyers agree. "There won't be any political dollars. There's no Olympics. And things are not so great. I look forward to it being a buyers' market," says McCann-Erickson senior vice president and general manager of local broadcast Laura Silton. Although some isolated markets may remain tight, Silton adds that "even L.A. has got to calm down sometime." Katz Television president Peter Goulazian agrees that there appears to be little that will stimulate the 1991 spot marketplace. Moreover, he notes that there will be "$200-250 milllion" in 1990 political advertising dollars that won't be there in 1991. "That's certainly a negative consideration."

On the bright side, he says there appears to be a resurgence of spot spending by packaged-goods advertisers who are "becoming more sensitive to regional or local-market situations." Moreover, he notes that inventory will be tightened considerably in markets bearing Fox stations, as the network expands its programing. "There will be less available time to sell and higher-rated programing to sell it against. And those two things will probably place upward pressure on pricing."

On spot:

"I look forward

to it being

a buyer's market."

Laura Silton
Senior vice president, general manager, local broadcast, McCann-Erickson

But Goulazian concedes that that is merely good news in a soft marketplace. "I'd love to say that advertisers and agencies should anticipate a 10%, 12%, or 15% increase, but I think more realistically we will see another year of modest increases, maybe in the area of 4%, 5%, or 6%. And that would vary by market."

Young & Rubicam senior vice president and associate director Marlene Chautin seconds that assessment. "I don't see anything out there that would push costs up significantly. The word I keep coming back to is 'flat,' " she says.

A SPOTTY PERFORMANCE

Prime-time spot rates had an up-and-down growth pattern through the '80s.

	Households Per Rating Pt.	Cost Per HH Rating Pt.	Cost Per 1000HH	% Change
Nighttime (M-S):				
1982	703,092	$6,235	$8.87	—
1983	717,905	5,852	8.15	-8.1%
1984	722,326	6,788	9.40	+15.3
1985	732,211	7,360	10.01	+6.5
1986	739,414	7,075	9.57	-4.4
1987	752,863	7,635	10.01	+4.4
1988	762,958	8,832	11.58	+15.7
1989	774,048	8,535	11.03	-4.7
1990	790,405	9,136	11.56	+4.6

Sources: Television Advertising Bureau from *Media Market Guide*, 1st Quarter each year (costs). A.C. Nielsen, NSI (households)

The few cost pressures that might influence the spot marketplace, she says, are likely only to impact markets that already are doing well. Citing, for example, the introduction of new auto brands that theoretically would benefit spot through more aggressive dealer spending, she notes that it would likely have limited geographic skews. "Take G.M.'s Saturn. They're going to have strengths regionally: East and West coasts. And East and West coasts can even be further defined to major markets." Other areas won't feel Saturn's impact. ■

RIGHT PLACE, RIGHT TIME

able seemed to be cooling down — until
e broadcast networks lit a fire under it.
Now some rate hikes could top 20%.

by Greg Clarkin

Cable advertising growth is seeing unprecedented gains, and the last thing the Big Three want to do is fan the fire. Now it appears they've done just that. While broadcast execs were digging in on audience guarantee systems, advertisers and cable executives were inking deals that pushed cable's upfront up more than 50% to $750 million. With that vote of confidence, some cable execs are bullishly asking for increases in the high teens and early twenties. So much for cable's cooling growth.

"The recent hoopla over the guarantees and the ratings has forced a lot of advertisers to say 'I'm going to be on the networks anyway, but I'll make token appearances in places I maybe wasn't going to be in,' " says George Hayes, senior vice president and director of media planning at McCann-Erickson Worldwide. Those "places" include cable networks, Fox or syndicated shows not originally on the A-lists.

Hayes and others confirm broadcast is losing dollars to the alternatives as a result of the networks hard line on audience guarantees. By changing the rules of the game, efficiency was affected, and everyone rethought their options. "As long as we're going to start dealing with a situation where we're not going to get guarantees like we used to, why not put some more money into cable?" asks Hayes.

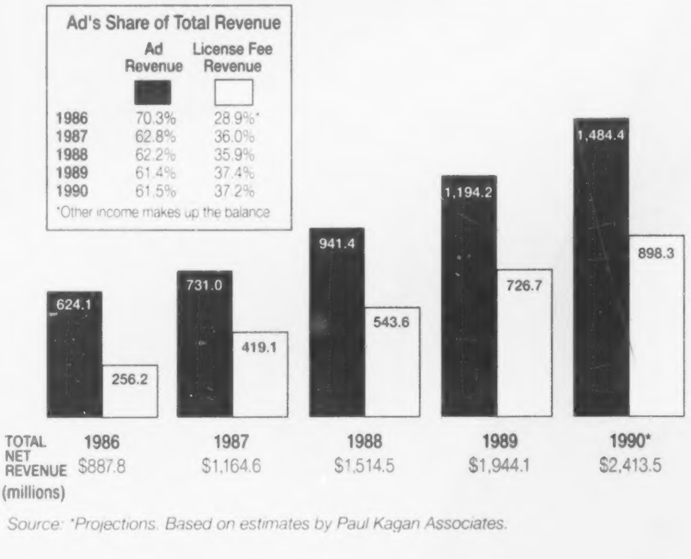
Robert Coen, senior vice president and director of forecasting at McCann-Erickson, says advertisers were figuring that they could pick up cable buys to round out plans if the network audience guarantees didn't measure up. "I'm sure the mindset was that if worse comes to worse, we can fill in some of the audience gaps with cable programing," he says. Still, Coen's *Insiders Report* predicts a leveling off of cable ad growth later in the year, after a 27% gain in 1989. Coen feels that rate of growth is simply "not sustainable."

According to Arbitron's Broadcast Advertisers Reports (BAR), Time Warner was the leading advertiser on cable in the first quarter 1990, with $14.7 million ad expenditures, followed by Procter & Gamble with $11.8 million, a 48% increase over 1989, and General Mills with $7.3 million, a 44% increase over last year.

Other top players in cable's first quarter were: Philip Morris with $6.7 million, up 29% from $5.2 million for the first quarter 1988; Kohlberg Kravis Roberts & Co. (RJR) at $6.5 million for the first quarter, up 22% from

DOUBLE THEIR PLEASURE

Cable's dual-income structure now relies just a little less on advertising.



Ad's Share of Total Revenue

	Ad Revenue ■	License Fee Revenue □
1986	70.3%	28.9%*
1987	62.8%	36.0%
1988	62.2%	35.9%
1989	61.4%	37.4%
1990	61.5%	37.2%

*Other income makes up the balance

*Source: *Projections. Based on estimates by Paul Kagan Associates.*

$5.3 million first quarter 1988; and Anheuser-Busch with just over $6 million for the first quarter, up 23% from the $4.9 million of a year earlier. One of the largest increases came from number eight Sears Roebuck, with just over $4 million, up 44% from $2.8 million in 1989.

Only one top-ranked company cut its cable advertising from the first quarter 1989 to the first quarter 1990. Mars, Inc. registered $3.3 million in first quarter 1990, down 26% from the $4.5 million of 1989.

BAR reports that total advertising on Family Channel, Cable News Network, ESPN, MTV, TBS Superstation and the USA Network was $255 million for the first quarter 1990 versus $216 million for the first quarter 1989, an 18% increase.

The Cable Advertising Bureau (CAB) is predicting a cable upfront in the $750 to $800 million range, a big jump from last year's $500 million, with packaged goods and, yes, autos goosing it along. Judging by those cutting the deals, that figure may prove accurate. All the networks interviewed claimed substantially higher upfront business, with many reporting long-term commitments, and buyers back them up.

David Drake, senior vice president and associate director of DDB Needham's media department in Chicago, says he's seen cable deals going down much earlier than in the past. "Brands are including a lot more cable in their plans," he says.

Drake says the multi-year deals began to take off during last year's market and continued into this season. "I think the demand became formalized with last year's marketplace. There were a lot of clients stepping up to the plate to make long-term deals," he says.

Some of those include the otherwise-coasting automakers, says Doug McCormick, senior vice president of sales at Lifetime. Both Lifetime and Arts & Entertainment report substantially higher business from Detroit this year. "Somebody figured out when they were stopped at a red light and they looked to the right and the left that it wasn't just men driving those cars," McCormick says in reference to Lifetime's female audience. Lifetime also reports strong response from the fast food-industry.

Advertisers are drawn to cable's ability to provide segmented, targeted audiences. "Cable still segments markets better, and we get the most return on our investment by targeting areas," says Mark Dunn, national advertising and incentives manager at Subaru of America.

Considering cable's vigor, observers are predicting CPM increases could reach 20% for some offerings, with a few topping that next year. That's the asking price, of course, and only high-demand programing is likely to come close to it. It should also be noted that cable's base is still fairly low — average prime-time CPM is $10. But Aaron Cohen, senior vice president, director of national broadcast programing at N W Ayer, admits he expects to see 1991 CPM hikes of anywhere from 5% to as high as 20%, depending on the network and shows involved.

The Family Channel represents the medium's bullish pricing spectrum. Dick Hammer, vice president of advertising sales at the Family Channel, says he expects CPM increases for 1991 to register in the 15% to 20% range at the network, with the original productions receiving slightly higher hikes. Household CPM now goes in the range of $3 to $3.75 for prime-time programing and $4.25 to $4.50 for original programing.

"It's been a very strong, bullish market this year, much stronger than the past two years," notes Hammer. "We're seeing many advertisers seeking three- to six-year deals."

While he hasn't finalized many deals just yet, Hammer has more than 30 "major proposals" pending, all ranging from 40-week commitments to multi-year deals. Among the companies showing "dramatic" increases in their budgets to the Family Channel are General Mills, the Clorox Company and Sears Roebuck, he says.

John Silvestri, senior vice president of advertising sales at the USA Network, says his network has been cutting more 52-week deals than ever before and estimates that there will be about 20% more ad revenues in cable this year. Silvestri says much of the growth at USA is from packaged-goods and the movie industry, which is pumping "more money than ever before" into tv in general. Asking rates at USA for 1991 will increase in the 15% to 20% range, he adds.

Lifetime's McCormick also says that networks will be looking for 15% to 20% increases next year, with some deals possibly going for more than 20%. Those higher priced deals may include long-term agreements that expire after this year.

McCormick says Lifetime has already written close to 40% more business this year than it had at this point last year. He attributes it to the time buyers had while the networks settled their problems. "I would say that while some people were waiting for the log jam to break, they busied themselves," McCormick says.

Another cable network getting a boost this upfront is the Arts & Entertainment network. Ron Schneier, vice president of advertising sales at A&E, reported early in the buying season that his network was "already beyond what our total upfront was last year."

A&E committed about 20% of its inventory to the upfront last year, while this year's figure will surpass

"As long as we're not going to get [broadcast] guarantees like we used to, why not put more money in cable?"

George Hayes
Senior vice president, director of media planning,
McCann-Erickson Worldwide

45%, according to Schneier. Fueling this growth is the auto and packaged-goods categories. Certain packaged-goods companies have doubled their budgets to A&E over last year's, he says.

A&E also benefited from the recent cable Nielsen Audience Demographics (CNAD) report. CNAD ranked A&E number one in concentration of adults 25 to 54 with household incomes of more than $40,000, $50,000 and $60,000.

The study's findings were released at about the same time A&E was preparing its upfront presentations,-giving the network added punch, Schneier says. A&E will probably ask for increases in the 12% to 15% range, he adds.

While all this may look like wishful thinking on the part of the networks, buyers confirm that cable is, indeed, hot. Stacey Lippman, senior vice president and corporate media director at Chiat/Day/Mojo, has seen many of their clients commit "meaningful" budgets towards cable at an earlier date this year.

"We have bought cable considerably in advance of the network upfront," he says. For one thing, the networks' investments in upgrading their programing appears to be paying off. "The programing is vastly improved. It's no longer an add-on buy," Lippman says.

At Advanswers, a media buying and planning concern, reports are that cable clients are throwing more money at the medium. "Every one of our clients has increased its budget, and we've had some who have doubled their budgets over those of last year," reports Kathleen Lawson, senior vice president and executive director of broadcast.

Lawson reiterates the basic buyers maxim concerning cable's appeal: more attractive targeting and improved quality in its programing, at a time when the networks are scrambling to hold market share. "Cable has been getting more numbers all the time, and the broadcast networks are getting weaker," she says.

According to the CAB, the average combined prime-time rating for the three networks in May 1988 was 39.4. By May 1990, that figure was down to 34.8 at the same time, cable's average rating rose from 7.6 to 10.4.

Such growth will only go so far, however. Cable's rising rates are not matched with any real growth in penetration — it still only reaches 57% of the country. But as cable executives gleefully reap the fallout from broadcast's disaffected customers, the medium is once again demonstrating that it's not always bad to be a second choice. ■

DISCOVER
50 MILLION
HOMES

Discover The Network That's
The Fastest-Growing Leader In Cable.

The Discovery Channel® has zoomed into more than 50 million homes.

Our first quarter primetime ratings are up 25% over last year — the highest increase of the top ten cable networks.*

Discovery™ is the #1 cable network among light TV viewers** and #1 in VPVH concentrations among men 25 to 54.***

We've done it by bringing an [illegible] into viewers' lives. Series, specials and documentaries on Science, Technology, People, Places, History, Nature, Health & Cuisine.

They're programs audiences can't find anyplace else: Over 75% of our schedule consists of U.S. and World Premieres.

So when you look for your audience, look to the one cable network that opens the world to them. And you.

[illegible]

SOURCES: *NHI Cable Activity Report; **Nielsen Quintile Study 2/89; ***NHI Cable Network Composition Report, 4th Quarter 1989.

SLOW DANCING

The go-go '80s have given way to a slower tempo as advertising dollars take a dip. No wonder radio is so into nostalgia.

by Greg Clarkin

Just last year, many in the industry were heralding the "New Golden Age of Radio." Now their tarnished hopes have led to a reassessment of the medium's long-term outlook.

After flourishing between 1985-89, when revenues went from $6.5 to $8.4 billion, growth suddenly slowed in the first half of 1990. Network radio sales were up only 3.9% to $94.1 million in the first quarter, according to the Radio Network Association (RNA), compared with a 12% gain in 1989. And solid gains in major markets such as New York (+6.1%) and Chicago (+16.6%) are being offset by substantial losses in other major markets, such as Los Angeles, off 18.1%.

George Hyde, executive vice president with the Radio Advertising Bureau (RAB), now anticipates a 5.5% increase in total radio revenues for 1990, with network growing 5.6% and spot and local each growing 5.2%. And some say that may be putting too much of a shine on it. Les Goldberg, president of Interep, has scaled back his early year predictions of 5% growth to 2%-3% growth this year.

While regionalization of marketing efforts and a new accent on value-added augured well for the radio medium in better times, new realities keep pushing it to the back of planners' minds. "We still are unfortunately viewed as a secondary medium," says Goldberg. Nor does he see any improvement soon. The days of double-digit growth "are gone forever," he adds, unless radio gets more aggressive about marketing itself.

The most caustic element in radio's performance is the overall advertising environment. "The economy is still sputtering," points out Ken Costa, vice president of marketing information at the RAB. "Some industries are having problems, which makes us all scramble for a buck." When marketers scrutinize budgets, that's when radio's image as a secondary buy takes its toll. "Usually they see what they have left over, then start to deal with radio," Costa says.

Mike Nicassio, executive vice president of sales at Eastman Radio, says among the categories fueling radio advertising this year are soft drinks, gasoline and oil and beer and wine. Categories experiencing a decline include automobiles and airlines.

Performances in different segments of the industry are mixed. Bennett Zier, vice president and director of sales at CBS Radio Representatives, says his group is coming off three strong years and has seen double-digit growth during the first quarter of 1990. At the same time, spot growth is sluggish, Zier admits. "Whether or not the economy is bad, there's a perception that it is. People do feel poorer than they did two years ago," he says.

Still, he believes the second half of 1990 should prove stronger than the first, based on the feeling that 1990 is a transition year into a new decade. He believes consumers and businesses will become more settled by the middle of the year. "I think business will climb gradually," Zier says.

But Pete Harrington, network radio manager at BBDO, says radio advertising in 1990 may be hurt by the big increases in television advertising. As advertisers are forced to pay more for television, radio is a likely source of dollars to make up for the jumps, he says. Overall, he'll be surprised to see any changes in pricing. "I can't see anything major driving up radio prices," he says.

Costa at the RAB admits even minimal rate hikes may hurt some radio advertisers, and trying to pin down rate increases is difficult. "It's like trying to say what airline rates will be like next year," he says. Dick Silipigni, vice president of sales at CBS Radio Networks, hazards a guess that increases for network radio time will be in the 3% to 5% range. "I don't think anybody will be increasing [rates] drastically," he adds.

At the network level, consolidation is one byproduct of the softer outlook. ABC Radio Networks recently crunched seven networks into five in an effort to better compete with the cable networks and the demos they deliver. Sales in network radio are up about 4%, according to Lou Severine, senior vice president and director of sales at the ABC Radio Networks. That sluggish growth has encouraged his network, along with CBS Radio Networks and Westwood One, to retool their network configurations in an effort to attract new business.

"Cable tv has slowed our growth, and it only reaches

57% of the country. This is a plan of attack to get new ousiness," Severine says. Consolidation gives the netvorks "the opportunity to start fighting for some of the elevision money" by offering concentrations of attracive demographics, like the many cable networks do, Silipigni at CBS says.

Spot sales, meanwhile, are fading. Bob McCurdy, vice president, general sales manager at Katz Radio, says spot sales have been up about 4% for the first quarter 1990, but growth for the year will be modest. "We're not bracing for a real big year this year," he says. Overall, spot growth will probably be around 3% this year, with increases for next year about the same.

Food is spot radio's largest category, spending more than $346 million in the first quarter, according to Radio Expenditures Reports. Following that is automobiles with $253 million in ad spending for the same period; travel/shipping with $159 million; consumer/financial services with $114 million; and beer, ale and wines with $139 million.

Local sales have been slow as well. Joan Knox, vice president and media director at Gray, Kirk & Evans in Baltimore, agrees that there "are less dollars in the marketplace generally." She notes that local radio advertisers "tend to use radio as a quick fix and not pump a lot of money into it." Still, local is where she sees a glimmer of hope for the approximately 5,000 AM and 5,600 FM radio stations. She estimates that local costs will probably rise from 7% to 10% in 1991.

Dennis McGuire, vice president and associate director of local broadcast at Ayer/New York, disagrees. He believes local costs will only rise in the 3% to 5% range in the new year. He also sees tv's expense as a boon for its broadcast brethren — he thinks some dollars may be shifted from television to radio as advertisers discover what a steady-performing medium radio is.

"We're finding that radio has embraced the idea of bringing extra-value to advertisers, doing promotions and remote broadcasts for clients," adds radio fan Mike Walsh, senior vice president and media director for Ketchum Advertising/Pittsburgh. He believes that attention to clients has led many advertisers to see the value of the medium locally.

But he cautions against the conservatism that has too many stations taking up similar formats. "It seems that some radio stations are blurring their position in the marketplace. If it comes to the point where many stations sound the same, it won't bode well for radio. It'll breed a lot of station switching," Walsh says.

So what's hot these days? Yesterday. "The oldies format has grown more than any other during the last five years," says Ray Hockstein, a member of the research department at Interep Radio Store. Hockstein that format can cover anything from tunes from the late '50s to songs from the mid '80s. According to Interep, the "oldies" format grew from 2.9% of station formats in 1985 to 7.7% in 1989, a 166% increase. New age/jazz, was second, growing 140% during that time period, from 0.5% in 1985 to 1.2% in 1989.

While the "oldies" format is gaining in popularity, the "beautiful music" format that features mainly instrumentals is finding its popularity waning. "We've seen a great change in the easy listening format. The traditional easy listening has been modified to reach a younger demographic by adding more vocals," says Nicassio at Eastman Radio.

AROUND THE DIAL, ACROSS THE COUNTRY

Three major markets offer a wide CPM spread for radio.

Daypart	Avg. CPM	High	Low
New York			
M-F 6-10 AM & 3-7 PM	$4.18	WHTZ-fm-$7.11 - (CHR)	WPAT-fm-$1.34- (Beautiful music)
M-F 10 AM-3 PM	$4.29	WXRK-fm-$10.03 (Classic Rock)	WPAT-fm-$1.10- (Beautiful music)
M-F 7 PM-Mid.	$6.11	WXRK-fm-$21.13 (Classic Rock)	WINS-$1.48-(All news)
Sat. 10 AM-3 PM	$4.38	WXRK-fm-$9.62 (Classic Rock)	WPAT-fm-$0.91- (Beautiful music)
Los Angeles			
M-F 6-10 AM $ 3-7 PM	$6.95	KPWR-fm-$22.08 - (CHR)	KWKW-fm-$1.02- (Spanish)
M-F 10 AM-3 PM	$6.76	KPWR-fm-$21.41 - (CHR)	KTNQ-fm-$0.92- (Spanish)
M-F 7 PM-Mid	$11.65	KQLZ-fm-$39.47 - (Contemp. Rock)	KWKW-fm-$2.42- (Spanish)
Sat. 10 AM-3 PM	$6.97	KIIS am + -fm-$19.48 - (CHR)	KWKW-fm-$0.84- (Spanish)
Chicago			
M-F 6-10 AM $ 3-7 PM	$6.54	WLUP-fm-$12.65 - (Adult Rock)	WGN-fm-$2.52- (MOR/Sports)
M-F 10 AM-3 PM	$5.12	WGCI-fm-$9.98 - (Urban Contemp.)	WGN-fm-$2.31- (MOR/Sports)
M-F 7 PM-Mid	$8.32	WTMX-fm-$26.52 - (Contemp. Rock)	WGN-fm-$2.33- (MOR/Sports)
Sat. 10 AM-3 PM	$5.48	WGN-fm-$14.20 - (MOR/Sports)	WBBN-fm-$1.71- (All News)

Source: *Interep Radio Store. CHR = Contemporary Hit Radio, MOR = Middle of the Road.*

The most sought after daypart remains morning drive. That's followed closely by afternoon drive and midday 10 A.M. to 3 P.M., depending on the market. The third most demanded daypart is Saturday from 10 A.M. to 3 P.M.

Some of the most significant growth in radio has come in the weekday-midday time period. And the bulk of that growth has been out-of-home area, says Maggie Hauck, vice president of marketing and research at Christal Radio. In some markets, weekday-midday has even unseated the drive-time in demand.

Hauck says that move has been fueled by the increasing number of women in the workplace, as well as the fact that listening to the radio at work has become more accepted. Midday has also become popular as more of the workforce takes to working untraditional hours. "The world isn't always on a nine-to-five schedule," Hauck says. As listening habits change, some buyers might be left dancing in the dark. But ultimately, more listeners in more dayparts should mean more efficiency for the medium. ■

CONSUMER MAGAZINES

AS THE PAGES TURN

As major consumer magazine publishers look ahead to 1991, a few are just hoping there will *be* a 1991. After a miserable first five months that saw automotive and cigarette advertising plummet 14% and 28% and overall pages fall by 3.2%, a lot of publishers can only see as far as the third quarter.

Advertisers are in no mood to hear publishers' tales of woe, and the publishers know it. Still, who else can they cry to?

By Michael Garry

"There's quite a bit of breath-holding going on," says Ivan Inerfeld, a partner in Coopers & Lybrand, an accounting firm with numerous magazine clients. Some publishers hope the introduction of '91 model-year cars will stoke the advertising machine in the second half. But prognosticator Robert Coen of McCann-Erickson gloomily predicts that the rest of 1990 won't be much better than the first half.

While paper and printing costs are expected to hold tight, those publishers who do make it to 1991 will be greeted with a whopping 23% average increase in second-class postal rates and a 17% average rise in third-class rates. Moreover, the chunky upfront commitments to the networks will leave even fewer dollars in the advertising pool in 1991 for print.

THE CAST OF CHARACTERS

Basic Data for Consumer Magazines Selected Years — 1970-1989

	1989	1988	1987	1986	1985	1980	1970
Number, including farm publications	2,188	2,089	1,880	1,793	1,805	1,468	1,197
Advertising in major magazines							
Pages (per year)	177,000	166,700	155,600	152,600	152,600	114,700	76,900
Dollars (millions per year)	$ 6,642	$ 5,940	$ 5,390	$ 5,120	$ 4,920	$ 2,846	$ 1,169
Circulation per issue							
ABC audited magazines (millions)							
Single copy	80	80	80	78	81	91	70
Subscription	288	272	260	251	243	174	173
Total	368	352	340	329	324	265	243

Sources: James B. Kobak & Company

These conditions are leading many to predict cost-of-living rate increases of around 6%, though in hard-hit fields such as the women's service books and the newsweeklies, the increases could be zero to 3%. It's enough to make publishers want to pack up and head for the beach.

"It will be a struggle for magazines to maintain share next year," says Lou Schultz, director of media services, Lintas:USA. "They're going to have to work even more closely with advertisers to maintain what they've got."

Schultz, who has General Motors' magazine-heavy Chevrolet business, does not believe advertising will pick up for magazines in 1991. "Advertisers' moods are real surly now and will get worse," he says. "What's going on in network tv is making them angry at *all* the media suppliers and more intractable in their attitude."

Publishers can take some comfort in the fact that their pained cries that discounting is killing them have begun to be heard by the buying world. They might even be able to keep a lid on their increases long term if, as some buyers now say, the practice of strong-arming discounts off the card is indeed played out.

Paul DuCharme, vice president, director of print media, Grey Advertising, is one who agrees that rate discounting has reached its limit. On the other hand, he says, it's hard to now roll back an earlier 30% discount to 20% or less.

CONSUMER MAGAZINES

So, for the short term, says DuCharme, ad rates could be inflated higher than expected just to make up for earlier discounts, and he envisions asked-for increases of between 8% and 11%. Steve Kline, media director for Kirshenbaum & Bond, agrees that publishers will try and make up for prior discounting. "But I knock the padding right out," he says. "Very few magazines are speaking from a strong position." He predicts 5% to 7% rate increases.

Roberta Garfinkle, vice president/director of print media, McCann-Erickson, who sees rate increases of between 6% and 8%, scoffs at the idea that rate negotiating will level off. "Magazines give good lip service to the idea that rate negotiations are a bad thing," she says. "Yet nobody, except Condé Nast, will say no to us."

For their part, publishers match buyers' predictions with planned ad rate increases ranging from 6% to 8%. More publishers also will be giving themselves de facto rate hikes by doing away with the 2% client discount for paying within ten days. "Most of the women's service books don't pay it," says a source. "It will be gone and make life simpler all around."

Times-Mirror executive vice president James Kopper tentatively projects ad-rate increases (assuming a steady rate base) for his company's nine magazines to be between 6.5% and 8.5%. That's more than the 6% rates were raised this year, but as Kopper says, reflecting the angst of many a publishing executive, "What we have now is a much higher cost of doing business."

Kopper's overall survival strategy is to distribute the cost burden between readers and advertisers and tighten operating efficiencies. At press time, he still hadn't firmed up any newsstand or subscription price increases for next year, but they are expected.

The bottom line? "Our profits will be in the single digits," says Kopper, "unless we have a circulation increase, which could take us into double-digits." Overall profit margins in the magazine business, estimated by the Magazine Publishers of America to be around 12% last year, are expected to drop a few percentage points in 1990.

Kopper will be scouring his publishing operation for ways to make it more efficient. Tactics range from an independent, systematic review of the company by accounting firm Coopers and Lybrand to printing rate cards all at the same time to get better pricing. "You wind up saving a lot of money that way," he says.

Still, Kopper is moving slowly — not touched, for example, are travel and entertainment budgets. "You can't tamper with the opportunity for your sales organization to communicate with clients," he says.

Publishers such as Kopper are also looking for any other source of revenue they can get their hands on. Times-Mirror's *Popular Science* magazine, for example, holds an annual advertiser event called "The Best of What's New" at the plush Manhattan restaurant Tavern on the Green; next year, Kopper might open it up to the public and charge admission.

At *TV Guide*, where ad pages fell 12% in the first half, ad director Mary Berner will be raising ad rates 6% to 7% in January; rate base, she adds, will fall a little. The rate card will also include revised frequency levels and discounts.

Reader's Digest publisher John Donoghue expects to raise the *Digest*'s rates between 6% and 9% next year. "To stay solvent we have to be more aggressive with rate increases than we have in the past," says Donoghue. "And they have to be real rate increases, which won't be discounted away." In July, the *Digest* raised its subscription prices 6% and its newsstand price from $1.89 to $1.95.

Like most ad directors, Donoghue emphasizes there's more to life — and magazines — than just price. In the *Digest*'s case, he likes to point out its renewal rate of 68%, a tactic that especially stands out because most magazines are reluctant to reveal their renewal rates — the Audit Bureau does not require them to do so.

THE RATE RACE

Consumer magazine rates outran the CPI in the 1980s, after lagging in the 70s.

	Unit Rates	Cost-per Thousand	Consumer Price Index
1970	100	100	100
1980	156	162	212
1981	173	181	234
1982	189	201	249
1983	202	217	258
1984	216	235	269
1985	238	239	279
1986	260	260	284
1987	280	278	298
1988	284	281	310
1989	293	289	325
1990 (est)	316	312	338
1970-80 increase	56%	62%	112%
1980-90 increase	103	93	59

Sources: James B. Kobak & Company

Better Homes and Gardens, which raises its rates in September rather than January, plans a 6.3% hike this year, a drop from last year's 7.73% increase. In November, newsstand price goes to $1.75 from $1.50; last February subscription prices rose 7%. Part of these increase will go toward

DUTCH TREAT

Revenue shares show readers and advertisers now split the bill for magazines.

	Advertising	Subscriptions	Single Copy
1970	64.33%	27.91%	7.76%
1980	51.14	32.67	16.19
1981	51.08	33.30	15.62
1982	50.19	33.32	16.49
1983	49.87	33.70	16.43
1984	51.91	32.97	15.12
1985	49.70	33.29	17.01
1986	50.40	33.60	16.00
1987	50.08	33.60	16.32
1988	48.42	37.03	14.55
1989	49.31	36.13	14.56

Sources: James B. Kobak & Company

paying for a counter-industry shift in the ad/edit ratio from 42% edit to 46%.

BH&G publisher Jerry Kaplan has faith in the power of added-value programs to keep publishers afloat. "Everything's competitive, yet there's money out there," he says. "You've just got to be client-driven." *BH&G*'s programs encompass everything from vitamin manufacturers donating vitamins to homeless families to sweepstakes, advertorials, couponing and in-store displays done on behalf of several major drug-store chains. Some of the magazine's programs are designed in conjunction with sister title *Ladies' Home Journal*.

Regional economies are affecting some titles more than others. Two-year-old *Midwest Living*, another Meredith title, has been raising its rates commensurate with its rate base jumps — 20% this year, and 20% next, when the rate base will hit 700,000. "The problems in the magazine business have been affecting mature properties," says Lyle Landon, ad director. "Our universe, the Midwest, is growing, so we continue to win."

As a single-title publication, *Newsweek*, under new publisher Peter Eldredge, is in an especially vulnerable position in today's market. So Eldredge has aggressively pursued linkages with its sister publication, *The Washington Post*, and with other media companies, such as ABC Radio Network. "These are for selected categories and accounts," says Eldredge. "It's not inculcated in our sales strategy."

Newsweek has also begun discussions with advertisers regarding its new selective binding program, called AIM. Similar to rival Time-Warner's TargetSelect Program, AIM allows advertisers to target, for example, recent movers among *Newsweek*'s subscribers.

Newsweek thankfully has the powerful Washington Post Co. on its side. Smaller companies may not be able to fight the fight as effectively.

"In the next year or two, I see the demise of the small publishing company," observes McCann-Erickson's Garfinkle. Already small companies like Family Media and Owen Lipstein's New American Magazine Company are struggling. "There will be more and more pressure for givebacks, and it will be harder to do business unless you're a Hearst or a Condé Nast," she says.

As hard pressed as publishers may feel about postal costs going up, they don't get a lot of sympathy from advertisers. "Everybody's costs are up — for sheet metal, wrapping paper, biodegradable plastics — you name it," says Lou Schultz. Or, as Chuck Lanphear, media director for H.J. Heinz, puts it, "Publishers are going to have a hard time raising prices as much as they'd like to cover overhead." He foresees 5% to 8% increases.

The good news on the postal front is that publishers are planning for the postal rate hike more strategically than they have in the past, observes Paul DuCharme, "We used to see reaction only; this is proactive," he says of the industry's efforts.

For example, publishers are lessening the bite of the postal hike by using lighter weight paper, pooling mail shipments of several magazines and drop-shipping magazines at numerous entry points, notes postal consultant Charles Pace.

They are also asking the reader to help pay for the higher cost of doing business through single-copy or subscription increases instead of immediately going to the advertiser. "To be successful in this ad climate, books need a double revenue stream. They have to be accepted by both advertisers and readers," says DuCharme. This extra option, he adds, gives magazines an advantage over the networks, whose rates must escalate at a higher rate.

Higher circulation prices generally lead, of course, to a drop in circulation rate bases. One sign of this: Over the past five years, the percentage of publishers saying that they have raised their rate base declined from 42% in 1986 to 15% this year, according to a survey conducted by circulation guru Dan Capell.

Rate bases are also being pruned as a result of publishers' new mean-and-lean attitude towards their circulations. Notes DuCharme, "Publishers are starting to minimize arrears, cut back on huge bonus circulations and generally look at delivering circulation that satisfies advertisers' goals."

But don't expect ad rates to decline along with circulation, as you would normally expect them to, says DuCharme. Cost pressure on publishers may keep those ad rates up, and by paying the same or higher rates for less circulation, advertisers will be, in effect, coughing up higher cost-per-thousand rates next year.

This scenario applies, for example, to what *Time* mag-

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azine has done in recent years. By cutting the rate base from 4.3 million to 4.0 million, and holding ad rates constant, CPM went up 7.5%.

But the drop in circulation in one category will be offset by a rise in circ in a different category, says DuCharme. "I suspect overall readership is as vital as ever," he notes. While circulation declines for the newsweeklies and women's service books, for example, it's gaining at the business and shelter titles.

Another major outgrowth of the postal hike is that alternate delivery ventures such as Time-Warner's Publisher's Express and Michigan-based Alternate Postal Delivery, Inc. (formerly United Delivery Systems) are being given a boost.

These companies are important to advertisers in that they help keep publishers' costs, and therefore rates, under control. Alternate delivery can also serve as a marketing device for advertisers and publishers. Unlike the postal service, companies such as APD can include product samples, brochures, flyers or renewal notices in the plastic bag containing the magazine.

Lipton Soup, for example, could include a packet of soup in the bag, along with a print ad in the magazine. Phil Miller, president of APD, says the space inside the magazine bag could become as filled with samples as Sunday newspapers are with inserts. APD has started a sampling and couponing program with *Better Homes and Gardens*, of which it delivers 200,000 copies per month.

"Magazines give lip service that rate negotiation is a bad thing . . . yet nobody will say no."

Roberta Garfinkle
Vice president, director of print media, McCann-Erickson

A number of publishing companies, including American Express Publishing, Times-Mirror, Murdoch, Meredith and *U.S. News & World Report* have joined up with Publisher's Express. Publisher's Express privately delivers 85,000 copies per month for 17 titles in five Atlanta-area zip codes. By next year, the service hopes to deliver 350,000 copies per month in eight Atlanta ZIP codes — and possibly other cities, says Howard Rosen, president of Publisher's Express.

Meanwhile, Miller claims that, following next year's postal hikes, his company will be 15% less expensive to publishers than the postal service. He has recently signed up a slew of publishers to two-to-four-year contracts, including *Playboy*, *Mirabella*, *Premiere*, *Harper's Bazaar* and *Esquire*. Currently delivering 1 million copies in 14 markets in the Midwest, APD plans to add four more markets in the second half of the year on the west and east coasts, and to be in 95 affiliated markets within five years, says Miller. He now delivers at most 2.5% of any magazine's copies, but wants to be up to 48% in five years.

At presstime, APD and Publisher's Express were discussing ways to standardize alternate delivery. There was even some speculation that the two companies might ultimately merge.

In other cost areas, paper offers some relief. After getting bashed by two 5% paper increases in 1988, relieved publishers should find paper prices relatively flat through '91, according to a paper industry consultant who requested anonymity. Postal rate hikes will cause mail-order catalog companies to cut down on the number of catalogs they send out for prospecting, and this paucity of catalogs will lead to an over-all softness in the paper market for coated magazine-type paper. The same consultant predicts a 4% cost-of-living increase in printing prices for '91, and an 8% increase in the price of ink beginning the third quarter of this year.

Whichever way the ad rates go next year, the conflict between rising publishing costs and falling print budgets puts media people in a compromising position. They will have to mollify surly clients, while evaluating publishers' woes. And most agree the publishers who come through with creative ways to make their lives easier are likely to get what business there is. ■

BUSINESS MAGAZINES

ANYONE GOT A CURE?

Feverish publishers are trying some new remedies to cure the business magazines' current malaise.

by Joe Mandese

"It's like a bad flu." So sniffs one major trade-publishing executive as he looks at the business press going into 1991. "It's not exactly terminal," he groans, "but it's going to take some healing before it gets any better."

Most publishers admit they too have the bug. Except for a few pockets of vitality, the 1991 market for business publications will be lethargic at best, critical at worst.

Continued uncertainty about both the general and industrial economies, matched by fierce competition among trade publishers and from trade magazine alternatives, means that few business books will see ad revenue increases in a year that promises a big boost in some costs. The result will be even further pressure on publishers' margins, forcing many to rethink their ways of doing business and, for some, even what business they are in.

"I think we're looking at a good 4%-5% hit on margins," predicts trade magazine publishing consultant Bill Fahy, a principal of Momentum Communications, in calculating the combined effect of higher costs and flat ad revenues. Paper and printing aren't a problem: They're expected to hold the line. But proposed hefty postage hikes are sending publishers into a fever as they look at the year ahead.

While those increases will be significant for all magazine publishers, they will hit the trade press particularly hard. "It's a much bigger issue for the business press than for consumer magazines," explains Association of Business Publishers president John Emery. The new rate structure, he says, discriminates against trade publishers because of the way their magazines are distributed.

Here's why. For the first time, postal rates for editorial matter will be based on geographic zones instead of on a flat national rate. This system favors magazines that can be shipped from different locales and, unlike many large circulation consumer magazines, most business books are shipped from a central point.

"It's a large circulation vs. small circulation magazine issue," explains Emery. "Almost all business magazines are single or limited entry points, as contrasted to the larger circulation consumer books." As a result, the ABP estimates that postal rates for its member magazines will rise from 23%-45%.

Consider the impact of such increases on a publisher like Penton Publishing. President Sal Marino

STOCK IN TRADES

Basic Data for Business Magazines Selected Years — 1970-1989

	1989	1988	1987	1986	1985	1980	1970
Number	3,949	3,847	3,883	3,541	3,486	2,650	2,376
Advertising in major magazines							
Pages (thousands per year)	1,881	1,845	1,845	1,820	1,811	1,700	1,093
Dollars (millions per year)	$ 3,858	$ 3,640	$ 3,500	$ 3,250	$ 3,021	$ 1,925	$ 836
Circulation per issue (millions)	73.4	72.0	72.0	72.0	72.0	66.8	62.3

Sources: James B. Kobak & Company

estimates that his magazines will average about a 28% postal increase, which would require about a 3%-4% ad page increase to amortize. Meanwhile, he estimates that personnel costs will increase between 5% and 8%. He is budgeting no increases in paper costs and only about a 2%-3% increase in printing services. But as a result of the postal and personnel hikes, he says Penton's overall budget will increase 8%-10%.

BUSINESS MAGAZINES

"All things considered, we are facing a big hit on our bottom line, unless we can get a rate increase," admits Marino. That, he concedes, will be a tough order.

Bill Hebel, J. Walter Thompson, Chicago, vice president and account media director on McDonald Douglas and Northern Telecom, doesn't give him much reason for hope. "Probably the biggest influence on rates for 1991 are going to be client budgets — and all of the budgets are disappearing," he says. "There might be a couple of magazine categories that will see the traditional 5%-10% if they can prove they're worth it — through additional circulation, for example, or maybe because they've leap-frogged the competition. But even for 1990, we saw a lot of books coming in with flat rate cards or marginal increases that nobody paid anyway."

PIN-STRIPED RATE HIKES

Business-book rates have risen more conservatively than their consumer counterparts.

	Unit Rates	Cost-per Thousand	Consumer Price Index
1970	100	100	100
1980	157	148	212
1981	166	158	234
1982	181	172	249
1983	195	186	258
1984	211	201	269
1985	228	218	279
1986	244	233	284
1987	256	245	295
1988	269	257	310
1989	274	266	325
1990 (est)	285	275	338
1970-80 increase	57%	48%	112%
1980-90 increase	81	86	59

Sources: James B. Kobak & Company

"Barring any major product category that comes in and does a hell of a lot of spending, I think that it's going to be a very modest growth year: no more than 3%-4%," adds Ketchum Communications media director Mike Walsh. "And many categories will be flat."

Walsh says advertisers are unsure of their own business environments. "You see a lot of tentativeness on the part of clients. It used to be that you got a schedule approval, and it was good for a year. Now they've got it down to only approving one quarter at a time. There's just a reluctance to any long-term commitments," he explains.

As an example, Walsh cites client Digital Equipment Corp., which he says is "doing okay," but is "very cautious and tentative. We do a plan, and then we keep revising it and reviewing it. All in all, it may end up what we'll be doing, but it's a very go-slow process."

Such tentativeness is pervasive among business advertisers. According to the Business and Professional Advertising Association's biannual survey of its members' communications budgets, only 54% said they had increases between 1988 and 1990. Twenty-six percent were flat and 19% decreased their budgets. "Much of the increases that were made were eaten by inflation and were spread out over more media options," says BPAA president Ron Coleman, noting that publishers of specialized business magazines are facing more competition from other communications media, including such new media as compact discs.

According to the survey, however, trade books appear to be holding their share of overall budgets, albeit at their historical lows. Coleman says trade magazines traditionally claim between a 30% and 37% share of business advertisers' communications budgets. The most recent survey finds business advertisers at the bottom of that range, apportioning 30% of their budgets to the trade press, down from 32% in 1988.

The reductions in trade press spending are biggest among large advertisers, says Coleman. "If you have a budget of up to $500,000, it's 36% of your budget. If you have a budget of $500,000 to $1 million, it's 31%. If you are spending more than $1 million, it's only 26%.

"The days are gone forever when an advertiser has the luxury of going out and buying the three or four leading magazines in the field," says Coleman. He projects that business publications will see a "flat to 6%" increase in 1991, depending on the category.

And after that? McCann-Erickson vice president and associate media director Lee Oakes sees the BPAA's historical pattern falling victim to the new environment. "Business-to-business has changed. Once it meant only trade publications, but a lot of that money has now moved into other areas like cable or over-the-air television. And a lot of it is going into direct marketing. Business and trade magazines are going to feel the pinch," she predicts.

Moreover, Oakes believes this is not just a short-term phenomenon related to current economic conditions. "The money that has gone out of the trade won't come back. It's gone to other media and to direct marketing. Looking at our own advertisers, we find much less re-

THE POSTAL PUNCH

Magazine publishers' cost increases have been dominated by postal jumps.

	Paper	Printing	Postage 1st Class	2nd Class	3rd Class	Salaries	Consumer Price Index
1970	100	100	100	100	100	100	100
1977	175	170	217	218	197	161	156
1978	197	185	250	290	221	172	168
1979	211	200	250	343	221	181	187
1980	235	220	250	343	221	202	212
1981	259	242	300	321	274	226	234
1982	270	266	333	348	287	253	249
1983	262	271	333	348	287	271	258
1984	301	279	333	348	287	287	269
1985	345	287	366	407	316	301	279
1986	324	292	366	407	316	316	284
1987	334	298	366	407	316	329	295
1988	389	304	416	481	395	342	310
1989	399	315	416	481	395	359	325
1990	399	324	416	481	395	377	338

Sources: James B. Kobak & Company

liance on trade publications and more on such things as business-related television,'' she says.

According to the BPAA survey, major communications budget components following trade publishing's 30% share are company catalogs (16%), trade shows and exhibits (14%), direct mail (10%), publicity (5%) and general business publications (4%).

Following these road signs, many publishers have been actively expanding their marketing service base to include direct marketing, list management, catalogs, seminars, research and printing services. ''We're trying to sell our products with the full-service aspects,'' says Robert Burton, president of ABC Publishing and chairman of the ABP.

Not only do these extra services entice advertisers to make bigger and longer-term commitments to some publishers, but for others they are lucrative profit-centers that offset losses in ad revenues. According to the ABP's Emery, some business publishers now derive ''as much as 50%'' of their revenues from such ancillary services.

''The biggest influence on rates in 1991 will be client budgets — and they're disappearing.''

Bill Hebel
Vice president, account media director, J. Walter Thompson, Chicago

''Happily, we have structured our company so that we have a wide range of services that we can offer advertisers,'' says Penton's Marino. ''We have research capabilities. We have direct-marketing capabilities. We own our own printing plant. We own a direct marketing company. We own Penton Learning Systems, which develops courses and seminars for executives. And we have a relationship with the Saddlebrook Golf and Tennis Resort, so that we can offer some inducement for people who want to hold their sales meetings there.''

Oakes' dire diagnosis for the trades, however, is not seconded by everyone. Some analysts believe that advertisers' reductions of trade magazine spending merely reflects current economic conditions. Media industry consultants Veronis, Suhler & Associates note in their annual communications industry forecast that business magazine advertising tends to be more sensitive to changes in the national economy than most media.

''Since 1970 it has grown in real terms at a faster rate than the overall economy during expansionary years,'' reports VS&A. ''However, during years when real economic growth was either sluggish or declining, real business magazine advertising fell, and at a faster rate than the economy.''

Grouping this period by declining, moderate and high growth years, VS&A found that in the years when the real gross national product (GNP) declined a total of 0.9%, business magazine spending was down 6.1%. In years of moderate growth, when the GNP rose a total of 2.9%, business books still fell 0.9%. But in years when the GNP rose a total of 5.1%, trade magazines outpaced it with a 6.5% growth rate.

So will trade advertising rebound with the economy? The answer is, maybe. Although healthier economic conditions should free advertisers to spend more on building brand names and image, it will likely take trade magazine rates a while to catch up because they have been softened by rate negotiation.

''They're competing on a cost basis rather than on the value of markets,'' says William MacKay, vice president and director of media and planning of Rumrill-Hoyt, Rochester, N.Y. ''Once you get into that situation, it's very difficult to raise your rates, even if you're getting hit with higher costs.''

JWT's Hebel agrees, noting that there likely will be a lag following any economic correction. ''It's going to be a slow process getting back up to rate card. Once you've allowed us to go to the well, it's going to be real hard for some of these books to charge us full rates again, because then we would be looking at tremendous percentage increases,'' he explains. ''And we won't stand for that. We'll take them down to the mat. They've opened the door for us,'' he says, ''and we're not going to close it.'' ■

ANYTHING GOES

After 16 years of gains, the rate differential actually dropped in 1989. Expect it to fall further as premiums are reduced and some advertisers avoid them altogether.

by Michael Garry

When the going got rough for magazine publishers in the mid 1980s, they resorted to a very eighties tactic — The Deal. Now it's the nineties, and quite a few magazines have joined Donald Trump in the scramble to recover from those freewheeling days.

Newspaper publishers felt all the same pressures, but at least they managed to stick steadfastly to their published rates. Or did they?

Yes and no. The major dailies with must-buy status may have, but look elsewhere and you see a different picture. In small to mid-size markets, national advertisers often are paying lower rates supposedly reserved for co-op, dealer association or retail advertisers.

With retail and classified suffering in stagnant local economies, publishers are looking for every available dollar, and some are doing whatever is necessary to become national-user friendly. (The national category is the healthiest one for newspapers so far this year, with national ad revenues up 5.4% in the first quarter, compared to a gain of 2.7% for retail and a fall of 6.4% for classified, according to the Newspaper Advertising Bureau; the NAB projects overall newspaper ad growth of 3% to 4% in 1990, and 5% to 6% in 1991.) Certainly every publisher has felt the heat from national advertisers, who have long been kicking and screaming about national rates being higher than local retail rates — the notorious rate differential.

Since 1973, the last time the differential dropped from the previous year, this gap between national and local rates has steadily risen from 48.2% (national over local) to 66.2% in 1987. After skipping 1988, a study by the American Association of Advertising Agencies finally showed a drop in the differential to 62.03% in 1989 — four whole percentage points.

The 4As calls this "a promising development rather than a trend." But buyers and sellers alike report continued erosion of the national rate, both on and off the card.

Charles S. McKeown, vice president, general sales manager for the rep firm Sawyer Ferguson Walker Company, thinks the differential will continue to shrink, but at a slower pace — he puts the increase in national rates at 4% to 5%, and the rise in retail at 5% to 6%, thus further shrinking the national/retail gap. "Business is bad," McKeown says. "It's not the right atmosphere to move rates up much."

VIVA THE DIFFERENTIAL

The bigger they get, the more they charge as the general/retail rate gulf outlives efforts to attract more national advertising.

A.B.C. Circulation	Number of Papers	Retail Rate (1,000 inches per year)	Gross General Rate	1989 The Differential
Up to 25,000	427	$2,978.40	$4,177.89	+40.27%
25,000-54,000	257	2,732.67	4,034.16	+47.63%
55,000-101,000	112	2,084.18	3,192.42	+53.17%
101,000-250,000	76	2,367.98	4,079.31	+72.27%
Over 250,000	48	3,581.56	6,786.22	+89.48%
Total	920	$13,744.79	$22,270.00	+62.03%

Totals in the summary are based on data for 920 A.B.C. daily newspapers.
Where national advertising is sold on an optional combination basis, totals include rates for the optional combination, and such combinations are counted as one newspaper.

General rates are shown before deduction of agency commission and cash discount, if allowed.

Source: *American Association of Advertising Agencies*

Gerry Anderson, national ad manager of the *St. Louis*

Post-Dispatch, is thinking even leaner — he envisions a rate rise of just 2.5% to 4%. "We're fighting for a decreasing share of the manufacturer's budget right now," says Anderson.

Among small to mid-size papers, "The marketplace is squeezing national rates out of existence," says McKeown. "I don't think national rates will be [in those markets] by the year 2000." Does this mean that the smaller papers are, in effect, going off their rate cards? "They're creating things within the rate structure," says McKeown. "But maybe that's just semantics."

Anderson winces at any mention of off-card deals. "You're talking about a comfort zone for publishers that's been in place for two to three generations," says Anderson of the way newspapers do business. "We're not about to change without a real trauma." Adds Mark Dacey, senior vice president of advertising, the *Chicago Sun-Times*, "I would hate to see our industry fall into the pricing maelstrom consumer magazines are in."

But newspaper analyst John Morton, noting in *Barron's* that newspaper rate hikes have been at or below the inflation rate for the last three years, doubts that "newspapers are ever again going to be able to raise rates faster than the inflation rate."

One plus factor for publishers, notes Morton, is the softness in newsprint prices, which are being heavily discounted off their quoted rates. PaineWebber analyst Ken Noble puts the discount rate this year at 25%, which more than outweighs a posted newsprint increase of 5% announced by one Canadian mill; he expects an increase in posted prices next year as well. Other cost pressures, such as union demands, have not been significant, except in specific markets such as New York. "Wage increases have been modest, while staff sizes have been flat or even cut slightly," says Noble.

"I would hate to see our industry fall into the pricing maelstrom consumer magazines are in."

Mark Dacey
Senior vice president, advertising,
Chicago Sun-Times

So the accent is on shoring up eroding business and bringing in new categories. To do so, many publishers are becoming much more open-minded when it comes to pricing.

At the *St. Louis Post-Dispatch*, for example, Anderson has recently established a co-op rate card, which he calls "the national rate card of the future." It sets up a rate between national and retail. By running a dealer list, a manufacturer qualifies for the lower rate. And Al Larranaga, national ad manager for *The San Diego Union*, says, "We're bringing national to the local level" in a program that targets such industries as food and travel.

Since 1985, about one-quarter of national advertisers have paid bottom-of-rung rates for newspaper advertising, according to McKeown. "This is national business being counted as co-op or retail business," he says.

The NAB's Pricing and Positioning ask Force has even formalized the trend — sort of — by putting together a string of recommendations for publishers. The Task Force suggests, for example, that papers establish "Standard National Advertising Volume Breaks" to make newspapers easier to buy; offer additional incentives for repeat ads; make discounts for national ads more in line with those for retail; and charge different rates for different categories of national advertising. The NAB says that 516 out of 790 newspapers surveyed in 1989 have adopted the Standard National Advertising Volume Breaks.

But outside of such set-ups, there are still deals to be made. A recent example: Because Lexus and Infiniti, the luxury-car subsidiaries of Toyota and Nissan, established dealerships only last year, neither had the track record to secure dealer-association rates. Nonetheless, says McKeown, these companies bought multiple insertions of large partial ads at dealer-association and retail rates. The ads "were placed through local dealers, even though the national agencies sent the orders and paid the bills," he adds.

Lexus spokesperson Art Garner replies that it's common practice to negotiate for the best rate. "When we strip in a list of dealers, local rates are applicable," he insists. Infiniti declined to comment.

Elsewhere, AT&T Phone Centers has bought newspaper space at retail rates, rather than national rates, says McKeown. AT&T also justifies this by inserting local store listings in each national ad, says Michele Torsiello, ad manager, AT&T Consumer Products. And food companies have replaced ROP food coupons with low-priced preprinted inserts, says Steve Seraita, executive vice president, Branham Newspaper Sales.

At the top ten to 15 papers — behemoths such as *The New York Times*, *Chicago Tribune*, *Los Angeles Times* — publishers can still "demand national rates and get them," says McKeown. In fact, it's partly because the top-market papers have gobbled up so much of national advertising budgets that smaller papers have had to offer more attractive rates to survive.

In Wichita, papers have tried eliminating the rate differential altogether. Or, as at the *Sacramento Bee*, where the differential is 34%, smaller-market papers tried to keep it close to the 25% advertisers will accept as necessary to pay agency and rep commissions. But it doesn't seem to make much difference. "Even if our differential was 25%, advertisers wouldn't guarantee us much business,'' says Clifford Chapman, national ad manager for the *Sacramento Bee*.

Meanwhile, it may be in the major papers' best interest to keep the differential where it is, even if it keeps many national advertisers out of their pages. In McKeown's view, those papers simply are making too much money off the current system to change. ''They can't take 20% of their business — in some cases up to 40% — and cut it in half for the good of the industry,'' says McKeown. ''Their stockholders wouldn't go for that,'' he deadpans.

That could explain why some big-market buyers are planning for bigger increases. Newspaper Advertising Bureau reports that 60% of the dailies raised their national rates an average of 5.5% in 1990. Myles Groves, vice president, economic media analysis, doesn't expect much difference in 1991. Branham's Seraita, however, predicts a 6% to 7% rise in national rates.

On the buying side, Bud Shields, vice president, general manager, buying group, Lintas:Campbell-Ewald, sees the flat economy keeping rate increases at about 6% to 7% in 1991. Also foreseeing a 7% jump in national rates is Jack Cohen, vice president and director of print and outdoor media buying, DDB Needham Worldwide. Cohen cites inflationary jumps in newsprint and labor costs driving the ad hikes. ''If publishers can keep their rate increases to a minimum, it would sure help us sell newspapers to our clients,'' says Cohen.

''If publishers can keep rate increases to a minimum, it would help sell newspapers to our clients.''

Jack Cohen
Vice president, director of print buying,
DDB Needham Worldwide

But while price is page-one news in the newspaper industry, many feel it draws too much attention. Seraita, for one, believes that the whole price differential issue is a red herring. Even with high rates, newspapers' cost per thousand is lower than those of broadcast and magazines, he says.

The hard cold fact, says Seraita, is that ''ad agencies just don't believe newspapers are as effective as tv in building brand image.'' What newspapers need is more and better research demonstrating their effectiveness as a national vehicle, he adds, noting that the Advertising Research Foundation is supposedly exploring this issue.

''Although newspapers are perceived as a price-item vehicle, '' says Seraita, ''there are things you can do with newspapers that you can't do with tv. But agency creative people just don't get excited by print.''

Adds Chapman of the *Sacramento Bee*, ''Agency people are not well schooled in newspaper creative. The NAB used to do a better job showing agencies how to use print creatively.''

Indeed, the pricing issue tends to cloud real advances by the medium to improve its prospects with national advertisers. Standard advertising units, syndicated research, standard advertising invoices and numerous one-order, one-bill scenarios are making it easier to use papers. The NAB recently announced that more than 400 newspapers can now accept six standard ad sizes for their tv supplements. Then there's the growth in satellite transmission of ads by AD/Sat. And 79 out of the 100 top-circulation papers posted circulation increases for the six-month period ending March 30, according to the Audit Bureau of Circulations. Sighs a frustrated Seraita: ''We've been responsive to what advertisers want. But as we knock off each problem, they come up with another one.''

In other notable moves, The NAB's Sales Structure Task Force, part of its Future of Advertising project, has generated $24 mil-

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lion in national revenues for over 200 newspapers during the past few years, which Jim Wilson, NAB's senior vice president, national sales, describes as "just scratching the surface." A recent advertiser convert is RJR/Nabisco, which has scheduled newspaper ads promoting Vantage Lights and Now cigarettes.

The Sales Structure Task Force has worked off a concept the NAB calls "team selling," whereby ad reps from specific papers join with executives from the NAB in targeting ad categories where newspapers are weak. Currently eight papers — among them *The New York Times*, *Boston Globe* and *Chicago Tribune* — are addressing ten different categories, including credit cards, tobacco, automotive, cereals and insurance. The teams, working on behalf of the industry, don't always sell ads for their own papers.

American Express's Corporate Card division, for example, was persuaded to advertise in newspapers for the first time — in three markets for nine weeks — as a result of the team selling effort, says Steve Harty, general manager of Ogilvy & Mather, New York, AmEx's agency. "We were the only ad on the stock pages," says Harty. "It helped break through the clutter." In AmEx's most recent marketing plans, newspapers were not deemed strategically appropriate — no reflection on the medium, says Harty.

Newspapers are generally more flexible about national ads' positioning, notes the 4As' Beverly Plyer. "They never used to allow ads in the upper left, or the bottom right, or five pages in a row," she says. National ads are even showing up on the weather pages, says Wilson.

Networking has been another way papers have been able to attract national advertising this year. The Five Star Buy program — wherein *The New York Times* and four other major market papers published health and entertaining supplements for all five markets — was probably the most notable example of a productive national linkage. The June merger of the Knight-Ridder and Times-Mirror national sales staffs, which is offering a one-order, one-bill coverage of 37 markets, should pique the interest of more national advertisers. And in the Midwest, the *St. Louis Dispatch*'s Anderson says he is exploring combination national buys with a number of other Midwestern papers.

Demographic trends are also working in newspapers' favor. The largest slice of newspaper readers fall within the 45-to-65-age group — the very group that the massive baby-boomer population is rapidly approaching.

Finally, the growing use of color in newspapers could help their cause. Gannett's four-color newspaper network is facilitating the placement of color ads in 238 papers (not all Gannett's) nationwide. DDB Needham's Cohen thinks the big breakthrough will be when *The New York Times* finally puts color on the record and starts using it in its ROP pages. The Gray Lady will start printing color in Sunday sections in the fall, and the plan is for daily pages to follow sometime down the road.

The will-they or won't-they of rate discounting, then, is only one part of the puzzle. While national clients keep clamoring for — and getting — reduced rates, the papers keep making themselves more attractive and user-friendly. But the breakthrough in the national category that will make newspapers top-of-mind is yet to come. ■

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*SOURCE: 1988 BELDEN CONTINUING MARKET STUDY

SHOW AND TELL

New categories are moving onto the boards, even as some majors like tobacco and liquor fall off. Will there be enough to prop up the industry?

by Jack Feuer

The outlook for outdoor is just like the weather in that medium's number-one market, Southern California. If you want to know what it will be like tomorrow, look at yesterday. But watch out for earthquakes.

Rates, all agree, will keep pace with inflation but will not go much higher, if at all. The Institute of Outdoor Advertising predicts a 6%-7% rise in the $1 billion-plus industry, similar to what each of the past few years have brought. Advertisers and agencies, however, peg the increase at between 5%-6%.

"I like to think that I am an accurate forecaster of the future, and by and large, what I said last year will hold up," says BBDO vice president of out-of-home media Pete Riordan. "There will be reasonable increases on the rate card of 5% or so, and certain big-city transit franchises, such as bus shelters and telephone kiosks, will see big bumps. These new formats are extremely targetable, and often can provide good research. Some can give the names of every retail business within a block of a particular unit."

At Transportation Displays Inc., New York, senior vice president of marketing Helene Goldfine predicts rates will rise 6% to 8% for the year ahead, admittedly outpacing other media. She says demand is strong enough to warrant the increases.

All outdoor costs, of course, will vary considerably by market. Except for Southern California, most areas of the country won't sell much more than 60% of total available locations, say industry pundits. "The operators are pretty strong in some areas, soft in others," agrees Bob Flood, senior vice president and corporate director of out-of-home media (U.S.) for DMB&B in St. Louis. "Paint has maintained its strength, for example, but postings are soft."

And as in the past, the predictions are for official ratecard prices. Negotiability, especially in weaker outdoor markets, will continue to be a fact of outdoor life, with the advantage this year in the advertiser's court.

"It [negotiability] will be very good," predicts Riordan, "partly as a result of outdoor companies' reduced involvement with tobacco companies in inner city areas. With that, there should be an opening of availabilities in 30-sheet postings, bulletins, etc. Normally, local advertisers would fill that gap," he points out, but the local markets in media are not enjoying a good year, as the newspapers know all too well. So national advertisers will have an opportunity there, and a lot of people are already looking into it."

Ah, tobacco. The pungent smoke of controversy still surrounds the outdoor industry's perennial powerhouse. Pressure from core urban area activists is taking its toll on both tobacco and liquor advertisers, and the retreat from inner-city outdoor advertising shows no signs of slowing down.

On the contrary, sometime in 1991, predicts IOA president Don Byer, the tobacco category will lose its position as the pre-eminent outdoor advertising segment. "Local retail advertisers now make up the second-largest outdoor category," he explains, "and will soon be first. Tobacco is declining even faster than retail is increasing."

And as tobacco and liquor ads disappear from the inner cities, some early tremors are being felt. Not all industry experts expect national advertisers to fill the gap left by the retreating tobacco and liquor players. "The whole trend of these advertisers is to go into other mainstream arterials [30-sheets and highway postings]," believes Bob Zach, senior vice president of Chiat/Day/Mojo, and media director of the agency's New York office.

Regarding the reduced visibility of tobacco and liquor in the inner cities, Zach says, "The Outdoor Advertising Association of America [IOA's legal and regulatory arm] has established a voluntary compliance code on this, and all the big outdoor players are members. They'll probably adhere to it, and [inner-city] locations will probably be taken up by public service ads," he says. "Eight-sheets and two-sheets are probably going to suffer. They may even relocate. Until then, those units will probably carry pro-bono types of advertising. New advertisers will have to be convinced to come in, especially packaged-goods advertisers who haven't historically been convinced to spend in outdoor in these areas.''

A minority of industry players think the outcome of the tobacco controversy may be even more significant. One such expert says published rates will rise 4%-5% only if tobacco spending in the medium isn't drastically altered. But if it comes down significantly, that would undermine 30% of outdoor's revenue, and the compromising effect on pricing would be much more severe.

Still, the surprising growth of new advertiser categories in outdoor continues and might take up the slack. Packaged-goods advertisers may not be outdoor enthusiasts yet, but they are becoming increasingly active. Local retail, local media (especially electronic media), healthcare and recreation and entertainment continue to increase their presence in outdoor.

According to IOA figures, entertainment and amusement advertisers notched the largest percentage growth in outdoor spending from 1988-1989, recording a 19% rise to $106.3 million. They were followed by publishing and media advertisers (12.8%, $107.6 million); healthcare advertisers (12.1%, $37 million); apparel, footwear and accessories (12%, $23.2 million); and automotive and auto equipment advertisers (8.7%, $126.7 million), and the aforementioned local retail category. Last year it drew $155.5 million in outdoor advertising, representing 10.5% of the medium's total revenues.

UP IN SMOKE

Tobacco's long-held top spot as an outdoor investor will be lost in 1990 to retail, say observers.

Top 10 1989 Spending Categories for the Outdoor Advertising Industry

Category	Amount Spent (000s)	% of Total Revenues
Cigarettes, Tobacco, Acces.	$200,013.8	13.4
Retail	155,515.9	10.5
Business, Consumer Services	129,909.5	8.7
Automotive, Auto Access/Equip	126,673.3	8.5
Travel, Hotels & Resorts	111,191.5	7.5
Publishing, Media	107,551.7	7.2
Entertainment, Amusements	106,294.3	7.1
Beer, Wine, Liquor	91,326.5	6.1
Insurance, Real Estate	68,535.9	4.6
Healthcare	37,400.0	2.5

Top Growth Categories, 1989

Category	& of Category Revenue Increase
Entertainment & Amusements	+19.6
Publishing & Media	+12.8
Healthcare	+12.1
Apparel/Footwear/Accessories	+12.0
Automotive/Auto Equipment	+ 8.7

Source: *Institute of Outdoor Advertising.*

Outdoor players see no change in those trends in 1991. They also predict continued interest in using outdoor to reach ethnic markets, something outdoor's targeting ability makes it eminently qualified to do. But outdoor companies are a bit discouraged on this front, saying the ethnic category is all potential and little pay out.

In Hispanic marketing, for example, which is getting a lot of attention from marketers and the trade press, industry consultant and former Patrick Media Group vice president Tom Hudson says, ''We're underwhelmed. It's a natural fit, and in most major metropolitan areas our inventory matches up well with Hispanic demos, but it has not been as significant as many have believed.''

Such is not the case with the proliferating array of new technology, which has many in outdoor enthusiastic. Laser technology, new planning methodologies and other innovations continue to bode well for outdoor's future. In January, the outdoor industry will unveil its Harris Donovan system, a new method of determining outdoor reach and frequency that is intended, says IOA's Byer, to supplant the Ammo system. The new system offers more fine-tuned estimates using SMRB, MRI and Traffic Audit Bureau data. Most agency executives welcome Harris Donovan, which has been in use in Canada for several years, but not all are enthusiastic.

C/D/M's Zach will believe it when he sees it. ''Outdoor's reach and frequency is so vast compared to electronic media that such data would be difficult to use. There's an inability to really make such data comparable to broadcast.''

Zach does side with the majority, however, in his excitement over the growing use (by packaged-goods advertisers in particular) of in-store and other out-of-home or under-the-roof forms of advertising. Point-of-sale, he says, ''is one of the real shining stars of out-of-home. Because it is much more accepted by packaged-goods guys, it will make it much more likely they'll use outdoor since their in-store stuff is so effective.''

At BBDO, Riordan concurs. ''There is going to be a lot of good places for packaged-goods advertisers to spend their dollars. Plus, with point-of-sale, they can target, pinpoint neighborhoods.''

Costs here are much trickier to call because the rates are built on so many variables — foremost, the number of stores. Also, new options come and go with breathtaking speed.

A final trend likely to accelerate in 1991 is improved creative. Of particular note are the mergings of outdoor with commercial voice-mail systems, such as the 777-FILM program Patrick Media is having success with in L.A. The boards bear a number that moviegoers call to find out specifics about what's playing where. Push button interaction helps the caller find his flick.

These kinds of team-ups give outdoor the ability to provide information and education as well as brand awareness. And if creative gets excited, the account side gets excited, and outdoor becomes a much easier internal sell for the media departments. ■

ACT LOCAL, THINK NATIONAL

Publishers' wide-eyed strategies for growth have given way to a sharper focus on the home turf. Prices will depend on how much competition is still in town.

by Veronika Ullmer

Yellow pages may have a dull image, but they've been on a wild ride. Following AT&T's divestiture in 1984, a free-for-all took place as the RBOCs (Regional Bell Operating Companies) moved into each other's markets, swelling the directory ranks to a high of 6,700 in '86. Although there are some regional markets where competition between utility and independent publishers still thrives, most of the regionals have gone back to publishing in their own territories. Instead, publishers have embarked on new market-driven ventures to strengthen their core product and attract non-traditional national ad dollars into the yellow pages.

This year, there are 6,300 directories on the market, reports the Yellow Pages Publishers Association. "Publishers today have gone back to producing directories for the areas they know best," says Mary MacDonald, managing director/CEO of DMB&B Yellow Pages. "Today, they are consolidating and developing their product, rather than expanding it," observes Ed Schneck, executive vice president, Wahlstrom & Co., Foote, Cone & Belding's yellow pages unit.

In this environment, rates are not expected to rise dramatically in 1991. Most industry estimates are in the 4% to 7.5% range, varying by market growth and competition. Publishing costs are relatively stable. Ted West, vice president and general manager of marketing services, Pacific Bell Directories, reports "distribution and selling costs have remained in-line with inflation." Chuck Vessey, paper purchasing specialist with SouthWestern Bell Yellow Pages, says prices on directory text stock should go up in the first half of 1991, after two years without an increase.

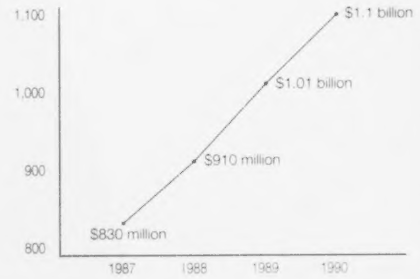
Growth figures for the industry also look solid. Communications Trends Inc., Larchmont, N.Y., forecasts a 7.3% revenue growth to $8.26 billion in '90, following an 8% increase in 1989. It predicts that national ad revenues will rise by 8.6% in '90 to $1.1 billion, outpacing the much larger local market, which should grow 7.2% to $7.2 billion. "The real growth opportunity rests in the hands of the national advertiser, particularly the consumer packaged-goods and financial services companies," says Wahlstrom's Schneck. "Business as usual is not going to attract any more ad dollars into the medium."

But national accounts need hard numbers. "As publishers introduce new products directed primarily at packaged-goods advertisers, they will have to deliver gross-impressions/guaranteed-audience figures," insists Steve Troy, president, Ketchum Yellow Pages/Los Angeles. "They can't do it without syndicated research —

THEY ARE CURIOUS, YELLOW

Growth has been strong and steady for national advertising in the yellow pages.

National Ad Investments



1989's Top Advertisers

$20+ Million

General Motors
U-Haul

$10 Million to $20 Million

Ford
Chrysler
  Dodge
  Chrysler/Plymouth
  Jeep/Eagle
  Renting & Leasing
Midas
Ryder
General Electric
AT&T

Under $10 Million

Budget
Allstate
Meineke
Xerox
Terminex
Mayflower
North American Van Lines
Bekins Van Lines
Allied Van Lines
IBM
Roto-Rooter (corporate)
Pizza Hut

Source: Communications Trends, Inc.

it's that simple," says the buyer.

Pacific Bell and Bell South have taken the lead by signing with the National Yellow Pages Monitor service. Using the weekly diary method to record consumer usage, NYPM tracks all the directories in 22 of the largest markets in California and the Southeast. Publishers and agencies can subscribe to this service, which releases uncensored results to both parties simultaneously. The problem is, only two publishers are signed up. "Until we get them all," says MacDonald, "it's difficult to give a national client solid usage numbers in a couple of regions of the country and ask them to take your word on the rest." U.S. West has been pegged as the next RBOC likely to subscribe.

Southwestern Bell (SWB) opted to go with Statistical Research Inc., whose research does not hold the same appeal with some media professionals due to sample size, interviewing methods and market selection. "What SRI is doing for Southwestern Bell is not syndicated research," says one buyer, "it's research that Southwestern is controlling, funding and distributing." But Mary Beth Schuck, manager of market research, SWB, responds, "We chose SRI initially because they did the YPPA National Usage Study, and we felt theirs were standards we wanted to maintain — right, wrong or indifferent, we wanted comparable data."

The YPPA held a symposium in July with the ARF and approximately 60 representatives from all the vested parties (publishers, agencies, ASRs, advertisers, researchers). The group aimed "to look at the research needs of the industry, both for syndicated usage and circulation, and begin to set some standardized methodology that would lend more credibility to the numbers," notes Larry Small, vice president, marketing, YPPA. Although agencies are optimistic about the conference, "I'd be very surprised if this is resolved in a year to 18 months," observes Ketchum's Troy.

"Business as usual is not going to attract any more ad dollars into the medium."

Ed Schneck
Executive vice president,
Wahlstrom & Co.

In the meantime, publishers are trying to attract national consumer packaged-goods and financial services with a product titled "Brand Sell." This involves publishing an exclusive image display ad under a complementary heading — for example, Crest toothpaste under the dentist category.

Pacific Bell successfully tested the concept in San Francisco and Los Angeles last year and is working with the industry to develop a national market test beginning in November. The YPPA issued a rate card for the product in July, making a network buy possible. Troy of Ketchum says, "We think publishers have priced them reasonably, particularly PacBell and SWB, charging probably 10% of the normal rate."

DMB&B's MacDonald doesn't see it as a major breadwinner long-term for three reasons: Only the top ten to 15 headings have the usage numbers to sell against; heading exclusivity limits the number of ads; and most advertisers will want only the top books. Still, the concept could bring new national visibility to the medium.

Another new product is "audiotex," otherwise known as "talking yellow pages." Trialed by a number of independent publishers and some RBOCs, it hasn't turned out to be a big revenue producer. According to the Audio Tex Group, a consulting firm in Princeton, N.J., audiotex listings produced only $140 million in '89. "Frankly," says Ketchum's Steve Troy, "audiotex has been a major disappointment."

Front-of-the-book numbers have proved more popular than others, enticing consumers to open the book to call for weather, horoscopes, etc. However, "Publishers have not been able to sell enough front-of-the-book advertising to offset its costs," reports Troy.

As for back-of-the-book audiotex, "the concept is good, but the implementation leaves something to be desired," explains YPPA's Small. Ted West of PacBell, which is currently running a market test in Sacramento, says, "Some creative has been very professionally done and some is terrible . . . like the UHF tv guy in the plaid jacket." Nynex is still trying out its audiotex pages, introduced in the Queens, N.Y., market in May '90 as the "Nynex FYI Pages."

PacBell would ultimately like to develop the concept nationally. And if and when the RBOCs are allowed to participate wholly — they're currently restrained by a modified judgment by the courts — "we're talking about a different ballgame, with bigger muscle behind it and national availability," predicts MacDonald.

Specialty directories, once viewed as a hot growth area, have mostly been scrapped, with a few esoteric exceptions. Nynex, for example, has achieved success with its "Boaters Directory," targeting recreational boat owners the first edition introduced in '87 in two markets, expanding to nine in '90. SWB's "Mobile Books," mini-directories aimed at cellular phone owners, have also done well. And PacBell is confident about its seven Spanish directories, building up circulation to over one million since their introduction four years ago.

Other products aimed at national advertisers that are currently being tested are Nynex's "Catalog Pages," nine pages of magazine-grade stock touting national catalogs that users can receive by calling the advertised toll-free numbers; PacBell's "Smart Connection," offering product samples delivered with the directory, as well as coupons and business response cards bound into the books; and U.S. West's "National Trademark Display," enabling national advertisers a large display ad listing local dealerships underneath.

"There's been a changing of the guard," says Schneck, "and most major publishers are making an effort to seek agency and client advice as to where to go from here." Any guesses? ■

DIRECT MARKETING

POST MORTEM

Ple-e-eze, Mr. Postman! Wait a minute, Mr. Postman! Another rate increase has direct marketers testing alternate delivery services, the telephone and even tv.

by Samuel Benjamin

With yet another round of postage hikes slated for next January or February, direct marketers are taking their annual vows: fewer mailings, cleaner lists and lighter paper. More than a few think 1991 will be the year that alternatives to the postal service — telemarketing, other delivery systems and direct response television — finally make economic sense.

Direct marketers aren't expecting these media alternatives to cost much more next year. And they don't expect to see any serious increases in paper, lists or production. But third-class mailers are clearly in for a major hit. Of course there will be some tinkering before the proposed rate increases go into effect, but the postal service is requesting 10%-20% hikes on third-class letters and even bigger hikes on catalogs and flats. "Catalogers are looking at a 20% to 30% increase in postage costs," says Barbara Segers, national manager of catalog production for Sears Catalog, Skokie, Ill.

The postal service says this is because it can't automate handling of catalogs yet, and promises that when it can — probably in the next year or two — it will offer discounts for catalogs and thereby cut the inequity. But the plan doesn't sit well with large mail-order companies such as Sears, J.C. Penney, Primerica and L.L. Bean. With 17% of Segers' budget devoted to postage (it's often 30% and more at other companies), she is looking to save by going to lighter weight pieces and paper stock.

Still, there's a limit to how light paper can be before problems such as bleed-through or poor reproduction starts to affect response rates. And some see all the talk about lighter paper and digest-size catalogs as dangerous folly. "These are marketing decisions, not postal-rate decisions," insists Paul Gelhaus, executive vice president of marketing for Fingerhut, Minnetonka, Minn. "If you're talking lighter weight paper, you should have been there before. We may look a little harder and reanalyze our testing, but I don't see any major shifts here," he says.

Still, most direct marketers say they will mail less in 1991, and many are borrowing from next year's budget for a blitz late this year. Robert Coen, senior vice-president of McCann-Erickson, New York City, projects a 4% increase in third-class mail volume in the fourth quarter. It has been flat for most of the year and was down by 2.3% in 1989.

Printing and production costs are expected to hold steady in 1991. "There is no question in my mind but that the number of catalogs to be printed will be fewer, which will open up capacity at printing houses, letter shops and paper mills," says Maxwell Sroge, president of Marke/Sroge Communications, Chicago.

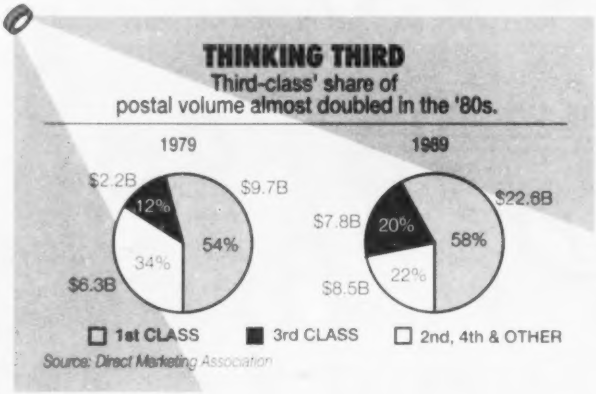
Constantine Milas, a partner in Kimmel and Milas Advertising, Fair Lawn, N.J., says more customers are asking to have jobs priced on both regular and recycled paper. Prices for recycled paper can vary greatly, so he suggests careful planning.

Some marketers have complained that lists are overused, contain too many duplicates and are becoming increasingly non-productive. Though list prices have been holding steady, marketers say they plan to ask for more "selects" by ZIP code, income level and other factors — which will drive their costs up.

As for delivery, there are other ways to play the post-office game. New rules provide more discounts for trucking pieces to bulk-mail centers, for example. And some marketers see an opening for alternate delivery systems in the next few years. "We've done some work with them, but the problem is getting enough players for it to get the costs down and make sense," says John Alba, vice president of marketing for Artistic Greetings, Elmira, N.Y.

Several specialty catalog firms have formed a group within the Direct Marketing Association to push for more use of alternate delivery systems. One member of this group, Chris Rebello, director of postal affairs for Current Inc., Colorado Springs, says the postal increases will make alternate delivery an important part of specialty catalog distribution programs. Naturally, alternate system operators agree.

"We've already seen an increase in interest and activity even with the threat of a postal increase," says



THINKING THIRD

Third-class' share of postal volume almost doubled in the '80s.

Source: Direct Marketing Association

Phil Miller, president of Alternate Postal Delivery Inc. (formerly United Delivery Systems), Grand Rapids, Mich. Now in 13 markets, mostly in the mid-West, the firm plans to stretch its reach to at least four more cities next year, including Greensboro, N.C., Tucson and Salt Lake City.

Miller says his firm generally works directly with clients, but has plans to bring media buyers into the loop. "You might be able to buy a full page ad in a magazine using alternate delivery and go in with a sample," he says. Miller's rates will increase about 5% next year.

No matter what the delivery vehicle, marketers agree they will put more emphasis on having materials ride piggy-back. By all indications, 1991 should be a banner year for statement stuffers, marriage mail and other cooperative efforts.

There should also be more use of the telephone, whose biggest problem is the supply of quality labor. Deregulation has kept long-distance costs down, but finding good telephone workers is getting more difficult — and expensive. "Companies are getting hypersensitive to phone interaction," says Richard Grunsten, president of GSP Marketing Services, Chicago. "With some catalogs, 90% of orders come in by phone. By asking for credit card information before the person starts ordering, we get a higher purchase because we are creating an open-ended purchase order," Grunsten says. "Having the operator say 'next item' instead of 'do you want something else' can increase order size by 20%. Telemarketing is high-cost, but has a high return."

Direct-response tv in the past has been known better for its high cost than for its high return. But that may be changing — partly because of postal increases, and partly because so many lists have been worked to death that marketers are eager for new names.

"We're recommending to many direct marketers that they try tv and let those prospects self-identify," says Marianne Branda, senior vice president and media director for Grey Direct, New York City. "It doesn't always make sense. We suggest it for broadbase efforts rather than targeted prospecting.

"In terms of cost increases, you're probably looking at 8% to 10% next year. There are smaller inventories [of time] — especially on cable because general advertisers are beginning to feel more comfortable with it and are using it more. Some cable operators don't even have basic two-minute inventory available," she says.

And Hal Zwick, senior vice president and director of media for Wunderman Worldwide, New York, says postal hikes are causing more clients to explore direct response tv. "Whether it will be at a profitable level remains to be seen" he says.

Still, the postal service will continue to get the lion's share of budgets despite anger over increases. "You can't shoot yourself in the foot over this," says Ron Greene, managing director of Devon Direct, Malvern, Pa. "If mail is providing you with a return that meets your cost-per-order requirements, you're just going to continue." ■

THE ANSWERING MACHINE

Inquiries regarding selective mailings show big variations in responses by type.

Description:	Range:	Prevalent Acceptable Rate
Catalogs, consumer, broadscale gift and popular specialty mdse.; mailed to viable prospect files.	3.7/M to 11.6/M	8.4/M
Catalogs consumer, upscale gift and high-ticket specialty mdse.; mailed to viable prospect files.	1.9/M to 9.4/M	6.0/M
Catalogs, business & commercial, general supplies and equipment; mailed to viable prospect files.	2.2/M to 9.8M	5.1/M
Sale flyers, business; promotional and reduced-price merchandise.; mailed to viable prospect files.	4.1/M to 13.5M	7.9/M
Seminar booklets & broadsides, self-mailer formats, seeking registrations for various sessions.	1.3M to 7.5/M	4.8/M
Research questionnaires with lead-seeking promotional offer also enclosed; no direct tie-in; 1st class.	50/M to 250/M 10/M to 45/M	130/M* 26/M**
Solo mailing pkg. word-processed letter seeking sales inquiries with descriptive brochure; 1st class mail.	7.0/M to 18M	12/M
Newsletter new-subscriber-seeking mailing package, in 6"X9" envelope with enclosures; free sample offer.	3.1/M to 9.5M	6.5/M

* Total response, questionnaire and promotional.
** Inquiries only, excludes straight questionnaire response.

Source: Shell Alpert; Alpert O'Neil Tigre & Co.

SERVICE, PLEASE

Retailing. It's a tough business even when things are going strong. Now it's getting tougher.

A decade of mergers and acquisitions by non-merchants has loaded stores down with crushing debt. The best example is Canadian developer Robert Campeau, who overpaid for Federated Department Stores, parent of Bloomingdale's, in 1988 and is now mired in Chapter 11. B. Altman and Bonwit Teller, both acquired by Australian developers, closed last year.

Analysts say the influx of non-retailers and their over-extension of capital bred short-term merchandising strategies. "X-percent off" became the key phrase in an effort to draw consumers through their doors. This panic-pricing now is expected to change. At least, that's what they hope.

"They're trying to move away from price wars," says Linda Morris, retail analyst with Provident National Bank, who points to Federated as the prime instigator. "After Federated filed for Chapter 11, everybody took a breather and said, 'We're going to be okay.' "

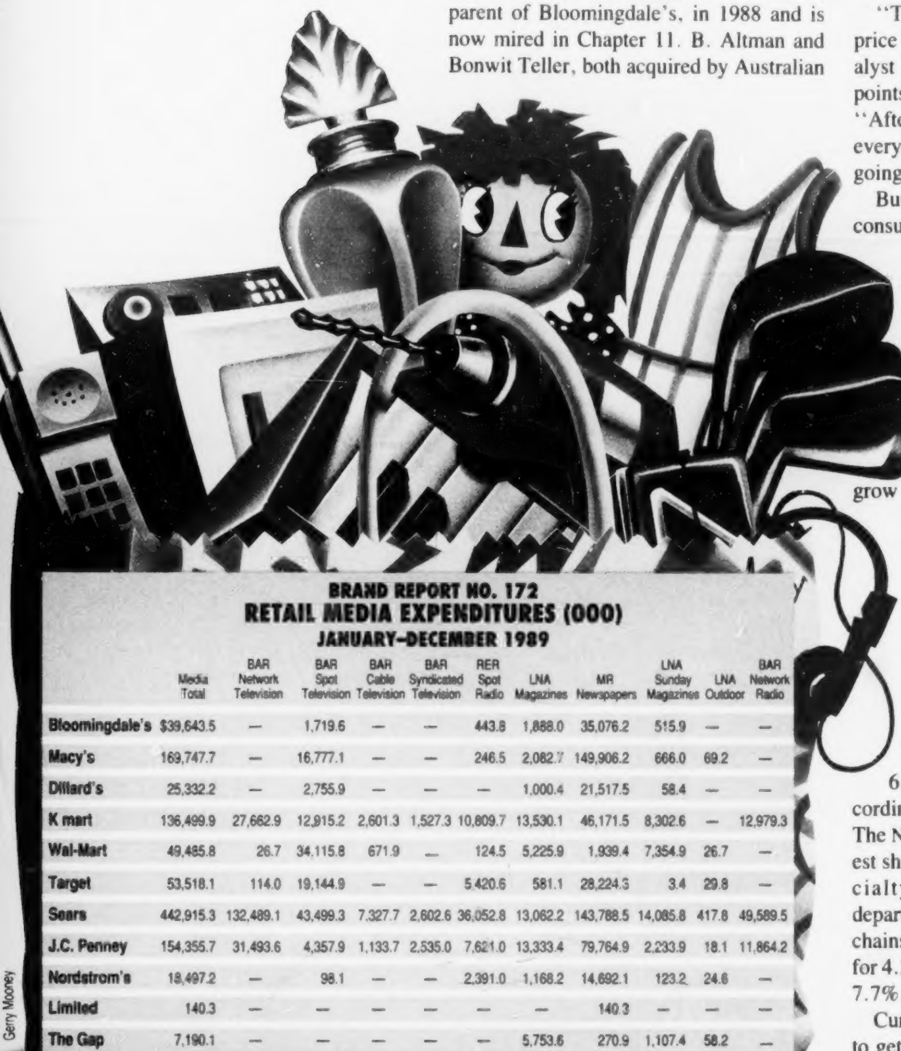
But first they'll have to convince anxious consumers that it's okay for them to buy again. It will be doubly difficult to do that while downplaying price and accenting service.

John Power, group vice president at Vitt Media International, thinks the shake-up will have retailers looking at different ways of using media. "In some cases the use of cable television will grow in importance," he says. "We have a lot of retailers who rely heavily on print and therefore miss major segments of the country, including young people and minorities."

The shift from print won't happen overnight. Moving to a different medium is a major change for department stores, specialty stores and chains, which last year rang up $108.2 billion in apparel sales, a 6.7% increase from the prior year, according to KSA/NPD Purchase Panel from The NPD Group. Discounters took the largest share of apparel sales with 27.6%. Specialty stores accounted for 23.3%, department stores took 21.8% and national chains took 15.4%. Mail order accounted for 4.2%, with all other outlets contributing 7.7%, according to KSA/NPD.

Currently, print is the primary route used to get the word out. In '89, the 11 leading retailers spent a total of $521.6 million in newspapers, compared to $191.8 million in

by Brian Bagot



Gerry Mooney

BRAND REPORT NO. 172
RETAIL MEDIA EXPENDITURES (000)
JANUARY–DECEMBER 1989

	Media Total	BAR Network Television	BAR Spot Television	BAR Cable Television	BAR Syndicated Television	RER Spot Radio	LNA Magazines	MR Newspapers	LNA Sunday Magazines	LNA Outdoor	BAR Network Radio
Bloomingdale's	$39,643.5	—	1,719.6	—	—	443.8	1,888.0	35,076.2	515.9	—	—
Macy's	169,747.7	—	16,777.1	—	—	246.5	2,082.7	149,906.2	666.0	69.2	—
Dillard's	25,332.2	—	2,755.9	—	—	—	1,000.4	21,517.5	58.4	—	—
K mart	136,499.9	27,662.9	12,915.2	2,601.3	1,527.3	10,809.7	13,530.1	46,171.5	8,302.6	—	12,979.3
Wal-Mart	49,485.8	26.7	34,115.8	671.9	—	124.5	5,225.9	1,939.4	7,354.9	26.7	—
Target	53,518.1	114.0	19,144.9	—	—	5,420.6	581.1	28,224.3	3.4	29.8	—
Sears	442,915.3	132,489.1	43,499.3	7,327.7	2,602.6	36,052.8	13,062.2	143,788.5	14,085.8	417.8	49,589.5
J.C. Penney	154,355.7	31,493.6	4,357.9	1,133.7	2,535.0	7,621.0	13,333.4	79,764.9	2,233.9	18.1	11,864.2
Nordstrom's	18,497.2	—	98.1	—	—	2,391.0	1,168.2	14,692.1	123.2	24.8	—
Limited	140.3	—	—	—	—	—	—	140.3	—	—	—
The Gap	7,190.1	—	—	—	—	—	5,753.6	270.9	1,107.4	58.2	—

Sources: Arbitron's Broadcast Advertisers Report (BAR); Radio Expenditure Reports (RER); Leading National Advertisers (LNA); Media Records (MR).

combined network, spot and cable tv as tracked by Leading National Advertisers.

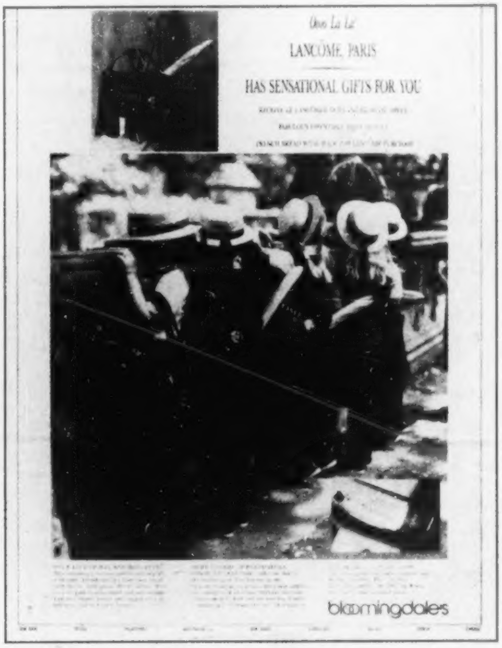
Co-op advertising is expected to rise about 2% this year, but it's hard to finger, according to Tom Rubel, executive vice president and principal with Management Horizons, a consulting company and division of Price Waterhouse. "It's one of those netherworlds, and nobody really knows how it works," he says.

Harry Bernard, president of Colton Bernard, a San Francisco and New York-based consulting firm, agrees regional tv is a growing media resource for department and specialty stores, but he says the print alternatives "haven't done enough to make it apparent they are cost effective."

The big national retailers are the heaviest users of network tv, and since they're carrying a wide mix of products from apparel to tools to toys, the programing mix is just as diverse. Sears, the largest retailer and media spender, poured $132.5 million in network tv during the December-January 1989 period, according to LNA, and bought shows that included *Full House*, *Guiding Light*, NFL Football, the New York City Marathon and *Family Feud*.

Rubel at Management Horizons thinks retailers are going to concentrate on keeping their current consumer base happy rather than stealing customers via price. "You'll see a lot more direct marketing activity, frequent-shopper programs, captive credit cards and progressive volume discounts," he says. "It's a fraction of the mass marketing, but as retailers start to focus in on their best customers, they'll start to realize that you just get incredible returns from that kind of [strategy]." Retail's marketing age has arrived.

Following is a look inside some of the country's major retailers based on square-foot sales, as ranked by *Apparel Merchandising*'s 1989 Retail Consensus. Department stores are represented by Bloomingdale's, Macy's and Dillard's; chains are Sears and J.C. Penney; mass merchants are K mart, Wal-Mart and Target; and specialty stores are represented by Nordstrom, The Limited and The Gap.



Ooh La La!

LANCÔME, PARIS

HAS SENSATIONAL GIFTS FOR YOU

bloomingdales

Bloomies and Lancôme rely on gifts in this newspaper ad to attract cosmetics customers.

Bloomingdale's

No store demonstrates the woes of retail better — or worse — than Bloomingdale's. Once a symbol of self-indulgent shopping mania, the top-ranked department store, now in Chapter 11, must maintain cachet while watching its cash.

But its prestige positioning could help in the long run, says analyst Harry Rannala at McClean McCarthy. "If they can remain a free-standing entity and not expand dramatically, their mystique will remain intact." So far, so good, says Management Horizon's Rubel. "If you're a new prestige branded product, you're launched at Bloomingdale's."

That image could have been erased by Robert Campeau's earlier plans for the chain. Explains Rannala, "He was going to use Bloomingdale's to muscle into new real-estate. Well, part of its mystique is its lack of locations."

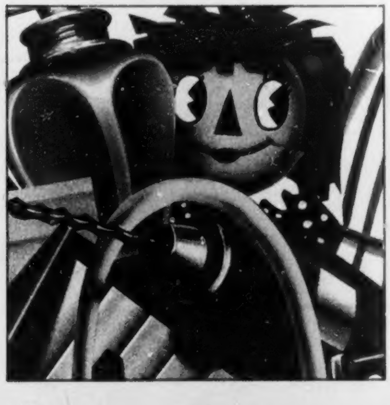
Advertising links a fashion image and upscale products in an umbrella approach that has little to do with price. Spending for in-house-created ads in 1989 was $39 million, says LNA, $35 million of which went to newspapers. Magazines such as *Vogue*, *Esquire*, *Metropolitan Home*, *Texas Monthly* and *Working Woman* divvied up $1.7 million, while $1.3 million went to spot tv. Total sales among the 17 stores in 1989: $1.3 billion, says *Apparel Merchandising*.

Macy's

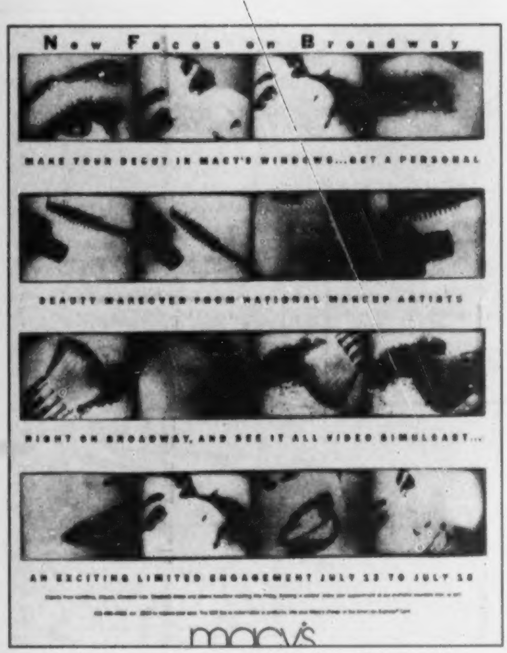
Macy's, like other acquisition-minded retailers, has heavy debt to pay. Management took the company private in an LBO several years ago, then went out and spent $1.1 billion on Magnum and Bullock's. With this load to pull, Macy's has unveiled a new game plan which has the chairmen of the different divisions providing the merchandising leadership, while the divisional presidents are tagged with expense controls. This move is expected to get stock turnovers back to 1988 levels of 1.31 times a season. Last year it was 1.17 times.

One observer sees Macy's reducing its one-day sales, while retaining value orientation and focusing on pre-season sales. "In other words, it'll build the promotions into the calendar rather than promoting to react to the market, which is what killed them last time," she says. "Because Federated is in just as much hot water, the company doesn't expect that competitors are going to force its hand." Macy's will continue to invest in customer service, she adds.

It's not likely that Macy's will significantly increase its ad budget. The company expects fewer promotions to affect sales volume, which should only rise about 4%. But profits should be better due to the new management system. Macy's 1989 sales were estimated to be $6.6 billion from 119 stores, according to *Apparel Merchandis-*



Regional tv is a growing source of media, but the industry hasn't done enough to make it apparent that it's cost effective.


New Faces on Broadway
MAKE YOUR DEBUT IN MACY'S WINDOWS...GET A PERSONAL
BEAUTY MAKEOVER FROM NATIONAL MAKEUP ARTISTS
RIGHT ON BROADWAY, AND SEE IT ALL VIDEO SIMULCAST...
AN EXCITING LIMITED ENGAGEMENT JULY 13 TO JULY 18
macy's

Relying on audience participation, Macy's gives customers a chance to star in its makeup promotion.

ing.

Media expenditures from its in-house agency for 1989, as tracked by LNA, totaled $169.7 million, with $149.9 million going into newspapers. Spot tv cost the company $16.8 million during the period. Magazine expenditures went to mostly upscale titles that include *Manhattan inc.*, *Southern Living*, *Vanity Fair*, *Elle* and *GQ*, at a cost of $2.1 million.

Macy's also sponsors its Thanksgiving Day parade, aired on network tv, and July 4th fireworks show. Both are held in New York, but they receive national coverage.

Dillard's

Southwestern-based Dillard's is positioned as an upper-moderate to upper-end department store offering brand names at good prices. "It's not fashion-forward," says Woody Whyte, an analyst at Stephens Inc. "Basically it aims for middle America. They value-price the merchandise and maybe have four big promotional events a year." Hard goods are a strong performer since the store serves as the primary vehicle for these products in some areas.

Total ad expenditures reached $25.3 million last year, with $21.5 million going into newspapers. Just over $1 million was spent in magazines, including *Texas Monthly*, *Business Week*, *Seventeen* and *Sports Illustrated*, while spot tv took up $2.8 million of the budget. The company's agency is Tracy-Locke, Dallas. Whyte doesn't expect the ad budget to increase over the next 12 months.

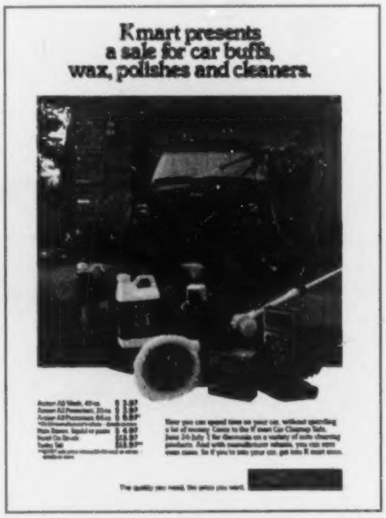
Dillard's has grown to over 150 stores through 20 acquisitions since 1956. Sales in '89 were $2.7 billion. "They tend to buy underperforming regional department-store chains. They go in, fix up the stores, put the Dillard name on them and just turn them around," notes Morris.

One tactic: remove a layer of middle management and replace it with a computer system. This allows Dillard's to put more salespeople on the floor. Another plus for customer service.

K mart

Attention K mart shoppers, your stores are changing. Prices are staying low, but the stores are being expanded and modernized as part of an aggressive program for the nineties. This plan calls for the construction of 250 stores, 620 enlargements, 280 relocations and 30 closings. In addition, about 1,260 stores will be refurbished to bring their layout and fixturing up to new standards. So now, instead of just low prices, customers will get a nicer shopping environment.

Last year, the company reduced prices on thousands of items, but the low margins contributed to its earnings decline. Long term, the company thinks that since the turnover of items rose "significantly, we are confident that this program will enable K mart to maintain its pricing leadership," says Joseph Antonini, chairman, president and chief executive officer, in the company's 1989 annual report.



Cleaning up on car care, K mart offers its prospects "The quality you need at a price you want."

Customer service is also high on its list, according to Robert Henderson, retail analyst at Parker Hunter. "They're speeding up the checkout lines with new equipment that lets them register inventory, keeping the right goods on the shelves," he says.

Advertising from Calet, Hirsch & Spector Inc., Ross Roy Inc., and a house agency centers primarily on product and price and was a whopping $136.5 million last year, according to LNA, with $27.7 million on network tv, $46.2 million in newspapers and $13.5 million in magazines. The company targets a wide variety of consumers, and the magazine mix is an interesting one that includes *Family Circle*, *Cosmopolitan*, *Country Living*, *TV Guide*, *Popular Mechanics*, *Rolling Stone* and *1,001 Home Ideas*. Black consumers are reached through *Jet*, *Essence*, *Ebony* and *Black Enterprise*.

Network tv includes *Falcon Crest*, *Knots Landing*, *Cosby*, *Good Morning America*, NFL Football as well as game shows such as *The Price is Right*. Sales in 1989, according to *Apparel Merchandising*, were $29.5 billion from 2,408 stores. About $7.4 billion was from apparel.

Wal-Mart

K mart may be the king of hitting the low price, but Wal-Mart doesn't keep its customers waiting for sales to get prices that scratch bottom. Rather, it offers everyday low prices, so consumers don't see recently purchased items on sale the following week.

Wal-Mart is also reaching out with two public relations efforts, an environmental project and a made-in-the-U.S.A. program. "It makes sense for their type of demographics, the middle American who is really concerned about America," says Provident's Morris. Wal-Mart also gets involved in community projects, such as sponsoring a Little League baseball team. "They want their name to be synonymous with good PR," says Morris.

Last year's advertising from GDS&M, Austin, Texas, ran up a bill of $49.5 million, according to LNA. Unlike most other retailers, Wal-Mart was heavy in spot tv, tallying up $34.1 million, while the usually heavily-used medium, newspapers, only received $1.9 million. This represents the everyday low price strategy and the lack of need to advertise promotions regularly.

Magazines were used strongly at a cost of $5.2 million, and represent a wide range of titles such as *Rolling Stone*, *Newsweek*, *Parents*, *People*, *Popular Mechanics*, *Field & Stream*, *Parade*, *Woman's Day* and *TV Guide*. Wal-Mart generated $25.8 billion in sales from 1,402 stores in 1989, according to *Apparel Merchandising*.

Target

If there's an upscale discounter, it's Target. Positioning itself above K mart and Wal-Mart, Target carries a range of products that are competitive with other discounters, but also offers some brand-name programs. "We're a fashion-forward discounter," says John Pellegrene, senior vice president, marketing for Target Stores.

With most stores in suburban locations, Pellegrene says the chain targets white-collar young families. "Our demos are very close to medium department stores," he says. "The Target customer is the same as department store, but for different products." Target has the same customer for their casual wear, sportswear, entertainment, toys and childrens' clothing, but they draw the line at career clothing.

To reach this customer, Target has added programs in tv and radio that feature a line-up of movie and music personalities that include Aretha Franklin, Amy Grant, Chet Atkins, Rita Moreno and The Judds.

"We use them to sell the total store," says Pellegrene. "They sell the concept of Target, what the whole operation stands for, the kind of merchandise it carries, the return policy, the way we treat the employees." Target also tries to get exclusives, as it has done with Alvin and the Chipmunks products and a program with Sherri Lewis and Lamb Chop.

Television advertising from its house agency and auxiliary agency Ruhr/Paragon, Minneapolis, which was primarily spot, was about $20 million last year, according to LNA.

TARGET
15.99
66.66
7.99
6.99

Peddling upscale, cyclist Greg LeMond is one of the stars in the Target stable.

Sports marketing also plays a big part of Target's mix, including sponsorship of the L.A. Lakers, Kings and Dodgers, Minnesota Timberwolves and a CART race car. "We use the pro athletes and teams for a couple of reasons," says Pellegrene, "Target makes a major effort to be the Home town team in its local markets. We have 56 stores in L.A., so we make a major attempt to make that a Target market."

Target also has local events like ticket giveaways and sponsors parades, marathons, music shows and The United Way. Sales in '89 were $7.5 billion from 401 stores. Apparel sales totaled $3 billion, according to *Apparel Merchandising*.

Sears

Sears spent a lot of money last year to overhaul its image on two fronts — everyday low prices, and fashion apparel. But did it succeed?

Several analysts think the everyday low price strategy has confused consumers because the new prices were higher than previous sale prices. On top of that, Sears continued to run sales. "That was difficult for them, and they're still sorting things out," says Dorothy Lakner, vice president, Deutsche Bank Capital. "Going to an everyday low price system really takes several years — you just can't do it overnight. Your stores are used to calling out customers by sending out circulars, and all of a sudden, if you cut off the circulars, no one comes anymore."

SEARS CATALOG
WHITE SALE
FOR THE HOME... HIGH QUALITY, LOW PRICES! FIND SPECIAL PURCHASES, MANUFACTURERS' REDUCTIONS, CLOSEOUTS AND GREAT LOW EVERYDAY PRICES, TOO!
SAVE $5 to $12 when you buy any 2 sets
$13.77

Price, price, price. It's Sears' major selling point during its white sale.

Sears is pursuing what Sheldon Grodsky, director of research for Kenneth Jerome & Co., calls a power format. "They're concentrating on areas that have as much attraction as a stand-alone store would." In other words, Sears wants customers to think of Sears when they think of, say, electronics. Sears is also trying to upgrade its fashion image in apparel, but Management Horizon's Rubel points out that "getting brands names is a part of it," something they've only just begun.

Overall, the retailer spend $442.9 million last year, as tracked by LNA, with $143.8 million in newspapers and $132.5 million in network tv. As the largest retailer across all categories, Sears is a store for just about everybody, which is reflected in it its ad placement. Network programing includes prime-time shows such as *Full House*, *48 Hours* and *Cheers*, as well as NFL Football, World Series and the *Tonight Show*. Soaps and game shows were also part of the network expenditures.

Magazines took up $13.1 million and included *Muscle & Fitness* and *Shape* magazines for exercise equipment; *Better Homes and Gardens* and *House Beautiful* for furniture; and *Newsweek* for office furniture and machines. As far as increasing the budget, Grodsky "wouldn't expect anything dramatic on the increase."

Retail sales were $31.6 billion in '89, according to *Apparel Merchandising*, with apparel sales hitting $6.2 billion. Catalog sales contributed about $3.4 billion to the overall sales, according to Lakner.

J.C. Penney

It's taken ten years, but Penney is now perceived as a national department store instead of a chain store. It has more upscale brand names in its merchandise mix, including Van Heusen, Henry Grethel, Vanity Fair and Harve Bernard. To announce the new labels, Penney went with upscale advertising in fashion-forward magazines, such as *Cosmopolitan*, *Esquire* and *Glamour*, for its men's and women's apparel, at a cost of $13.3 million.

"The advertising has changed, and you see more advertising in upscale magazines," says Lakner. "The photographs are more elegant. Penney is trying to attract a different consumer; in the past it's been perceived as staid and un-trendy."

Overall advertising costs were $154.4 million last year, according to LNA, of which $31.5 million went to network tv on programs including *Falcon Crest*, CBS evening movie, professional golf and *The Price is Right*. Newspapers took $79.8 million of the budget last year.

Penney is also a leader in retailing technology with its decentralized buying system. "They have a direct broadcasting system in which buyers can present merchandise to the different stores, which can

Dior is haute on Nordstrom's list in this national magazine ad. The store's apparel-only position separates it from department stores.

then accept or decline it,'' explains Lakner. They've taken a centralized merchandise system and made it much more individualized.''

Sales in '89 were $14.5 billion from 1,328 stores. Catalog sales were $3.2 billion.

Nordstrom

Nordstrom is an upper-end apparel specialty store that competes with better department stores such as Saks Fifth Avenue and Neiman Marcus.

It spent $18.5 million in advertising last year, $14.7 million of which went to newspapers. Magazines got $1.2 million in high-end magazines such as *Vogue*, *Harper's Bazaar*, *Glamour*, *Elle*, *Architectural Digest* and *European Travel & Life* in an effort to capture both male and female fashion-oriented shoppers. The ads focus on fashion and merchandise, not price.

''They attract the educated, fairly well-to-do, price-conscious, value-oriented consumer,'' says Tony Howard, retail analyst with Crowell, Weedon & Co. ''These people are willing to accept a slightly higher price based on the selection and service at Nordstrom.''

Service is the key word here. All the salespeople are on commission, which is ''a deviation from the rest of the industry where most people are on straight salary or hourly wage,'' says David Willimason, retail analyst for Advest Group, Inc. ''They look for people who want to make careers out of selling.''

Merchandise selection is also a draw, which is bought regionally. ''One of the attractions of a Nordstrom is that even though about 70%-75% of the business is the same anywhere in the country, the balance is unique in each area, which really makes the store stand out,'' states Howard. ''You can go to a Nordstrom in the Northwest or San Francisco or down here in L.A. and see a difference. This gives store managers more autonomy.''

Sales for Nordstom were $2.7 billion from 59 stores, according to *Apparel Merchandising*'s ranking based on 1989 figures.

The Limited

The Limited is positioned as a moderately priced sportswear specialty store for women aged 26-45. Over the past few years, it has changed its merchandising strategy to appeal to a slightly older, more professional woman.

The stores totaled $1.4 billion in sales in 1989, according to *Apparel Merchandising*. So it's hard to imagine that only $140,300 was spent on advertising last year, all of which was in newspapers, as tracked by LNA. But Janet Kloppenburg, senior analyst with Robertson Stephens & Co., supports this. ''They don't have to get the word out. They have such prime locations in the malls that they primarily count on customer traffic.'' Although the company wouldn't comment, Kloppenburg says the company is considering advertising in the future.

It did advertise its Catalog of Fashions for Women last year in magazines that include *Ladies' Home Journal*, *Modern Maturity*, *Redbook*, *True Story*, *Essense* and *Woman's Day*. Total cost: $94,157.

The Gap

The Gap is as a moderately-priced retailer of fashion oriented, casual, private-label apparel targeted toward an extraordinary wide range of consumers, from the vast middle market to the upscale. ''Their ability to deliver good quality means they'll be able to appeal to a demanding, high-income customer on the one hand,'' says Edward Weller, partner, Montgomery Securities, ''and their ability to deliver value consistently enhances their appeal to the moderate income customer.''

Advertising last year as tracked by LNA totaled $7.2 million. But unlike most other retailers, the bulk of the money went to magazines, $5.8 million, while newspapers received only $279,900 and Sunday supplements costs $1.1 million.

Its ''Individuals of Style'' campaign is an artsy black-and-white print run from its house agency. It features cultural leaders, such as director Peter Sellars, pop singer Jody Watley, jazzman Dizzy Gillespie and comedienne/actress Whoopi Goldberg, photographed in Gap Basics, such as jeans and pocket T-shirts.

In addition to magazines such as *GQ*, *Glamour*, *New York* magazine, *Vanity Fair*, *Vogue*, *Rolling Stone* and *Sports Illustrated*, the ads rolled their way across urban centers in an outdoor transit campaign to the tune of $58,000, according to LNA.

Gap had sales of $1.3 billion in '89, according to *Apparel Merchandising*, from just over 741 stores.

Capitalizing on its strong presence in the older-teen and adult market, The Gap branched out into the children's market with GapKids about four years ago, which offers a wide variety of clothing through 110 stores as well as 20 departments within larger Gap stores. And expanding on that idea, or shall we say shrinking it, is babyGap collection of infant clothing developed last year that's sold through GapKids stores. Its upscale Hemisphere stores, however, closed during the year. ■

Up-and-coming singer k. d. lang is typical of the trendsetters that model the Gap style.

TOOLS OF THE TRADE

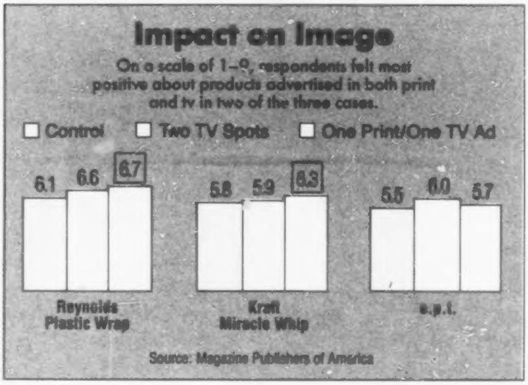
FINE-TUNING THE PRINT/TV FINDINGS

by Wally Wood

Wave I of the joint research project of the Magazine Publishers of America and J. Walter Thompson U.S.A. tested television and print ads for Reynolds Plastic Wrap, Kraft Miracle Whip salad dressing and e.t.p. pregnancy testing kits. To the MPA's relief, the research corroborated other mixed media studies: A combination of print and television advertising produces greater brand attribute communication than print or tv alone. (See *M&MD*, March '90, pg. 90.) Also, more people buy one brand versus its competitor when the brand uses print and tv together than when the brand uses print or tv alone.

This was the first test of its kind that did not use forced exposure, which Robert Warrens, senior vice president, director of U.S. media resources and research J. Walter Thomson U.S.A., believes makes it much more valuable than anything done previously. While consumers were brought into a laboratory for the research — which means the test did not duplicate the way people experience advertising in daily life — they were free to avoid tv commercials by changing channels and to skip the print ads by turning the page.

Media people are beginning to work with the MPA's print/tv study. And they're finding a lot to work with.


Impact on Image

On a scale of 1–9, respondents felt most positive about products advertised in both print and tv in two of the three cases.

Source: Magazine Publishers of America

A full 22% of the sample managed to elude both the tv and the print ads; 44% saw only one commercial and one print ad; and 56% saw only the print ads and no commercials. Those figures must be sobering to those trying to calculate reach.

Also sobering was the discovery that most print ads initially volunteered for the research were not communicating specific attributes. For this study, researchers measured test ads against the norms of the top 25% of the ads tested, so they knew going in that their ads worked.

"When we say that this project shows advertising works and that print and television together work better," says Warrens, "we are really saying *good* advertising works." Earlier studies are littered with advertising that didn't work at all — let alone show incremental effect.

This issue — that many print ads do not meet basic requirements — is, for Bill Landgraf, probably the MPA study's strongest lesson. Landgraf, director of media planning for Kraft General Foods, points out that companies routinely pre-test their tv commercials; they don't pre-test their print ads. Will Kraft begin pre-testing its print ads? The possibility is being explored. "It isn't going to happen overnight, but we're working on it," he says.

Roger Baron, vice president and director of media research at Foote, Cone & Belding, Chicago, says the study's significance is that it shows that "even in this era of clutter, we're still showing that two media work better than one for most products."

Susan Smollens, vice president and group supervisor, communication information services, Young & Rubicam, feels the most important issue is how advertising works in different media. The MPA study implies that each medium has its own unique communications value. Knowing this, an agency can consider media selection criteria at the initial stages of strategy development.

But will the study actually change anything? Larry Roslow, vice president of media research at Lintas/New York, suspects change will come, if slowly. "The research groups and planners in my agency have been exposed to the MPA study and they've come away impressed. We hope they will give magazines more attention when they talk about media mix."

Meanwhile, the MPA is going into the field with Wave II, three men's products, this month and expects to announce the results by October, says Marian G. Confer, vice president, research director. There will be two more waves of three products each after this. The printed report of Wave I, "The Advertising Impact of Magazines in Conjunction with Television," is now available from the MPA. ■

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ECONOMIC EYE

MAGAZINE AD SCORECARD	Ad Pages June 1990	% change from June 1989	Dollars spent (000)	% change from June 1989
1. Skin Care, Creams, Lotions and Oils	120.52	−44.3	5,765.3	−28.8
2. Lip and Eye Beauty Products	95.85	6.1	4,532.0	25.3
3. Scents and Fragrances	136.16	113.9	4,248.1	155.8
4. Facial Makeup Products	48.0	−22.4	2,037.4	−14.7
5. Prepared Dinners and Entrees (including Pizza)	35.01	61.0	2,201.8	40.4
6. Liquor	527.27	21.1	23,896.0	27.6
7. Cigarettes	466.63	−28.4	28,561.6	−12.9
8. Soaps and Detergents	31.25	290.6	2,196.6	241.0
9. Passenger Cars, Domestic	460.22	−17.9	26,369.3	−13.2
10. Passenger Cars, Imported	310.66	−5.2	17,290.7	3.2

Source: Publishers Information Bureau as prepared by Leading National Advertisers

MEDIA COST INDEX

(The Media Cost Index is based on unit costs, which are the end-product of circulation/audience and CPM adjustments. They do not represent the efficiency of a given medium, only the out-of-pocket costs.)

1985 = 100	1989								1990							
	Sep.	% change	Oct.	% change	Nov.	% change	Dec.	% change	Jan.	% change	Feb.	% change	Mar.	% change	Apr.	% change
Network TV																
Daytime	76	−48	80	−28	82	+3	74	+0.8	78	+0.6	75	+10	78	+14	74	+2
Nighttime	120	+2	119	+19	124	+10	123	+12	129	+6	131	+9	146	+17	118	+6
Spot TV																
Prime time	117	−15	116	−9	128	+23	130	+1	148	+5	130	+3	127	+2	—	—
Daytime	94	−11	94	−12	98	−5	97	−1	122	+5	100	−16	99	+2	—	—
Network radio	127	+14	142	+8	139	+11	131	+10	173	+10	157	+11	152	+9	147	+15
Spot radio	112	+7	—	—	—	—	114	+4	—	—	—	—	118	+0.3	—	—
Consumer magazines	124	+7	123	+7	123	+5	123	+3	130	+7	131	+8	131	+8	131	+7
Natl. Sunday magazines	141	+10	141	+10	141	+10	141	+10	132	+2	132	+2	139	+8	139	+8
Business publications	123	+6	123	+6	123	+6	123	+6	128	+8	128	+8	128	+8	128	+8
Newspapers	131	+6	131	+6	131	+6	131	+6	138	+6	138	+6	138	+6	138	+6
Outdoor	132	+8	132	+8	132	+8	132	+8	141	+3	141	+3	141	+3	141	+3

Notes: Percentage shown is relative change from the same month/period the year before. Newspaper figures reported for January and July only. Spot tv figures not available from Arbitron/BAR at presstime.

McCann-Erickson predicts total worldwide ad expenditures will reach $264.2 billion this year, a 5.1% gain over 1989.

Sources:

Nighttime Network TV- Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service.

Daytime Network TV- Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service.

Nightline Spot TV- Cost per average 30-second spot, 7:30-11p.m. Monday-Saturday and 7-11p.m. Sunday from Arbitron/Broadcast Advertisers Reports' Spot TV Service.

Daytime Spot TV- Cost per average 30-second spot, 10a.m.-4:30p.m. Monday-Friday from Arbitron/ Broadcast Advertisers Reports' Spot TV Service.

Network Radio- Cost per average 30-second radio announcement from BAR's Network Radio Service.

Consumer Magazines estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn.

National Sunday Mags estimate based on published (rate cards) costs of a page, four-color in the national entries.

Daily Newspapers estimate based on Newspaper Advertising Bureau report of SRDS costs per column inch of a sample of 784 newspapers weighted to represent the universe.

Outdoor Posters based on estimate prepared by Institute of Outdoor Advertising.

Spot Radio index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

Business Publications estimates based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications.

INSIDE: New Men's Mags ▪ Networking Public TV ▪ Airline Turbulence

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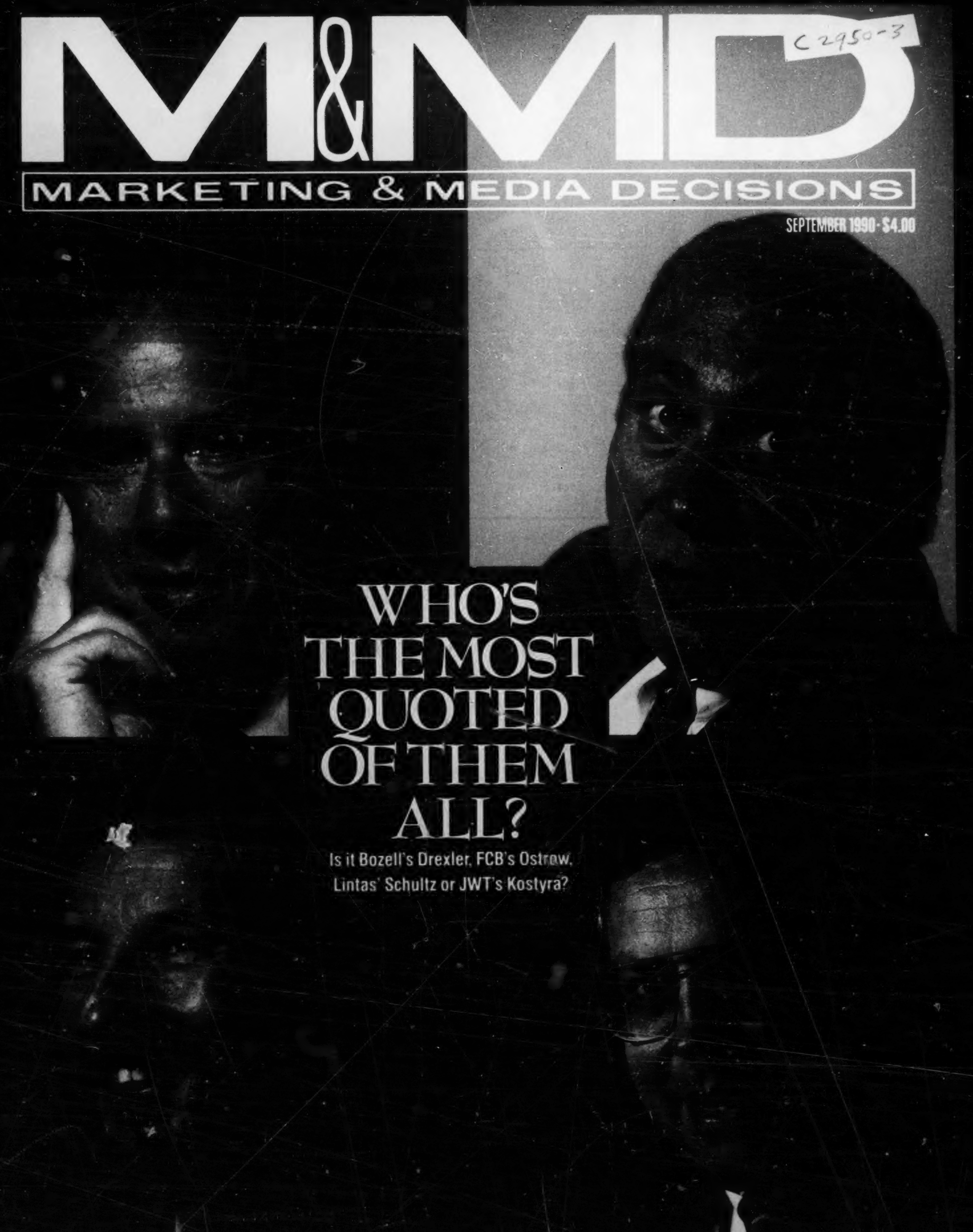

WHO'S THE MOST QUOTED OF THEM ALL?

Is it Bozell's Drexler, FCB's Ostrow, Lintas' Schultz or JWT's Kostyra?

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Who's the most quoted of them all? We've got an answer for you, at least among top media directors. The fact is, the most quotable notables in agency management these days — surprise, surprise — are coming out of the media department. This has as much to do with some of the individuals involved as it does with media's new center-stage status. Who's served best by media's new public persona?

Going Public 34

It's no secret that public tv attracts the right kind of demographics. Now eased ad rules have encouraged two rep firms to offer network-like buys, and PBS is studying one plan and may offer some public advice.

It's Raining Men 38

So what if SRDS lists specifics on 47 titles under the "Men's" heading, plus references to dozens of others? The new guys in town — *Men's Life*, *Details*, *M Inc.*, and several others out or under development — feel they've got something new to say to today's macho man with soul. They'd better. This is a pretty rough time to try and break into the ranks.

DO WE ALL BECOME OUR FATHERS?
MEN'S LIFE

AS THEY SEE IT

MEDIOLOGY Roddy Freeman 49
Logic dictates that advertising can only go so far. It also suggests that your best prospects to increase sales are the customers you already know best.

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You'd think that commercial lengths were carved in stone. Next time, chip away at old notions for added impact.

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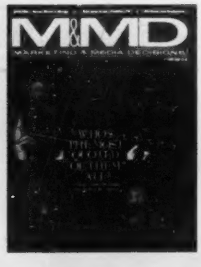
Trying to save a piece of business is one thing. Stepping over the line is another. To find out where the line is, let's go to North Dakota.

RADIO Dennis McGuire 56
Be careful when handling the merchandising that accompanies your buy.



Cover subjects, clockwise from upper left: Mike Drexler, Lou Schultz, Joe Ostrow, Richard Kostyra.

Cover photography by John Stuart

LOOK WHO'S TALKING

John Stuart

NOTABLE QUOTABLES

Among the top 20 agencies, who's the most quoted media director of them all? The ad/PR data bank at Nexis ranks the individual quotes or references for each director, July 1989 to July 1990, this way:

MIKE DREXLER (left)	Bozell Inc.	51
RICHARD KOSTYRA	J. Walter Thompson	37
JOE OSTROW	Foote, Cone & Belding	36
LOU SCHULTZ	Lintas: Campbell-Ewald	27
ALLEN BANKS	Saatchi & Saatchi	22
MIKE WHITE	DDB Needham, Chicago	17
(PAGE THOMPSON	DDB Needham, New York	12)
LARRY COLE	Ogilvy & Mather	13
TOM WINNER	Campbell-Mithun-Esty	12
GARY PRANZO	Young & Rubicam	12
MARCELLA ROSEN	Ayer Inc.	11
MIKE MOORE	DMB&B	11
ARNIE SEMSKY	BBDO	10
WILLARD HADLOCK	Leo Burnett	9
ALEC GERSTER	Grey Advertising	8
MIKE WALSH	Ketchum	5
GORDON LINK	McCann-Erickson	5
JAY SCHOENFELD	Backer Spielvogel Bates	4
STEVE FARELLA	Wells, Rich, Greene	2
CARL KOTHEIMER	Della Femina, McNamee WCRS	2
STACEY LIPPMAN	Chiat/Day/Mojo	2

by Joe Mandese

Everybody knows Mike Drexler likes to talk. Now we know how much.

From July 1989 to July 1990, the loquacious Drexler, media director of Bozell Inc., was quoted in 51 different articles in the ad/PR press, according to a search of the trades by *M&MD*, conducted via the Nexis data bank. That makes Drexler King of the Quotables among media directors at the top 20 agencies.

These days, in the trade and general press alike, he's hardly alone. Topping off the media directors' list (see chart) are J. Walter Thompson's Richard Kostyra; Foote, Cone & Belding's Joe Ostrow; and Lintas' Lou Schultz.

Other media directors take a lower profile and turn elsewhere to keep their departments in the press — Alec Gerster, for instance, media director at Grey Advertising, only received eight mentions, but his print pointman Paul DuCharme and tv honcho Jon Mandel racked up a total of 94 articles between them. And some agencies have delegated responsibility to special media titles to handle the press: Betsy Frank, in fact, senior vice president and director of television information and new media at Saatchi & Saatchi, was the most mentioned media person in our search, with 96 references, followed closely by McCann-Erickson forecaster Bob Coen with 83.

Media departments in high profile? Media directors as personalities? Is this the same job whose practitioners were once characterized as humorless number-crunchers in ill-fitting suits and practical shoes?

No way. In an era obsessed with people and perceptions, and in an industry that loves to talk about itself, the doors are opening wide to the once-closeted media department. Whether by choice, by default or by delegation, public pronouncements are now part of the job for many media people.

For agency management, the increased

coverage of media issues is an opportunity to keep their shops top of mind. For clients, their media spokespeople offer a chance to influence marketplace issues, attract special media opportunities and keep their media departments on their toes when its comes to fast-breaking media events. And for media people, this new visibility can be a curse or a blessing. Or both.

Drexler and court go out of their way to maintain good relations with the press and get exposure. They also encourage younger people on their staff to take on spokesperson roles, when appropriate. Others, like Backer Spielvogel Bates and Leo Burnett, maintain low profiles, preferring to let their work and their clients' successes speak for themselves.

"It's not that we're silent; it's just that we're reticent about talking about the way we do things," explains BSB media director Jay Schoenfeld. Burnett media director Willard Hadlock says his agency's low-profile stems from its location outside of New York, a corporate culture that detests "bragging" and a lack of time.

But Hadlock concedes that a higher profile in the press might benefit his agency's awareness among current and prospective clients. "I think that is absolutely correct, and our PR people are trying to do that," he says. "How successful are they? I don't know."

It's possible that sentiment serves Burnett well by reinforcing the agency's iconoclastic image. But most shops acknowledge the value of good PR and the need to build an awareness of their media departments to differentiate themselves from what is perceived as a parity service.

"I do it to have some possible influence on industry issues," says Drexler. "And I like to get my point of view heard."

"Everytime we see those four letters B-B-D-O somewhere, hopefully in a positive light, it will make the cash register ring," adds an unabashed BBDO media director Arnie Semsky, who generated ten mentions. "It creates an awareness with our consumers, who are our own clients, and new business prospects, the media and advertising community at large." He also believes awareness helps the agency attract a better caliber of employees. Lastly, Semsky says such visibility leads to greater media opportunities. "Salespeople tend to come to us first, because we have a good reputation," he says.

That last rationale was a primary motivation behind one of the most omnipresent of media spokespeople, though he's since moved to the sales side. "It was not my goal to become the most pervasive spokesperson in the business," says Leo Scullin, publisher of *Men's Life* magazine and former print maven at Young & Rubicam. "The high profile part of it came as a byproduct of doing the first part right, which was getting to know the industry," he explains.

ELSEWHERE IN THE MEDIA DEPARTMENT, A RANDOM SEARCH FINDS THE FOLLOWING NUMBER OF REFERENCES:

Betsy Frank
Saatchi & Saatchi's tv/new media/cost guru, **96**

Bob Coen
McCann-Erickson's forecaster, **83**

Bob Zach, Henry Antosz
Chiat/Day/Mojo NYC and LA department heads, **22** and **6**, respectively

Paul DuCharme, Jon Mandel
Grey Advertising's print and tv pointmen, **49** and **45**, respectively

Nancy Smith
Young & Rubicam media mainstay and print strategist, **24**

Judy Black
Bozell's media strategist, **2**

Interestingly, the print-specialist position and Scullin's high-profile use of it helped create the perception that Y&R was the leading print-buying agency when, in fact, it was not. "It became a self-fulfilling prophecy," explains Scullin. "If you are perceived to be in the know and in the vanguard, you end up being in the know and in the vanguard, because people keep letting you know what's going on."

If anyone has picked up Scullin's reigns, it has to be Grey associate media director Paul DuCharme, who posted 49 trade press references during the same period. And it was no accident.

Grey media director Alec Gerster acknowledges that he encouraged DuCharme to court the press to earn a greater share of mind on print matters, and the move appears to have worked. Grey, which buys more print than Y&R, is now perceived as the agency that was in the forefront of rate negotiating.

If such visibility is important for major agencies like Grey and Y&R, it is doubly important for smaller agencies and media buying services that have to compete against well-established agency brand names. "Once you get past the top 15 or 20 agencies, there is a misperception that the remainder are merely creative boutiques," explains Hal Riney & Partners media director David Verklin. He adds that taking a stand on high-profile media issues helps offset that perception.

Chiat/Day/Mojo New York media director Bob Zach agrees. He is one of the media people who pretty much came to the spotlight by default. Once quoted, one mention bred another, leading to a score of 22 mentions in the press for the July-July year vs. the six mentions of his boss Stacey Lippman and two for his West Coast counterpart Hank Antosz.

Zach feels that although the agency has a good reputation for creative media projects like the Apple "1984" campaign or Apple's single-sponsorship of *Newsweek* magazine, clients really are looking for "management ability in terms of the stewardship of the business. They really want solid, basic thinking, rather than creative promotional ideas."

While such visibility clearly has benefits for the awareness of an agency's media department, media directors say it also benefits their clients in mostly indirect ways. For one thing, agencies are able to influence the outcome of important issues covered in the press that can affect their clients' business. For another, having a high visibility in the press makes their clients feel like their agencies are in the know. It also helps the line people on the client side send a positive signal to senior client management, who don't have direct contact with the agency's media department.

And as McCann-Erickson's press-clipping king Bob Coen notes, baring your thoughts in the press provides an added degree of accountability. "That public out there tends to be a pretty good yardstick to make sure that what you're saying is not just a lot of b.s."

If an overtly public persona can benefit an agency and its clients, what does it do for the individual? Most obviously, it feels good: "It's a kick to see your name in print," says Semsky. But besides the ego gratification of high visibility, it also can boost a career. "If an agency is looking for a senior media person, top of mind counts a great deal," observes Kurt O'Hare, president of media department recruiting firm Career Projections.

"If I'm looking for a senior person, I will look at what they've done publicly to see how they express themselves," admits JWT's Kostyra. In a more general sense, FC&B's Ostrow says it helps an individual establish his or her own brand. "It starts creating a reputation for the individual, and that helps enhance a career."

That opinion may reflect the fact that Joe Ostrow, with 36 mentions, is among the more public media minds in the business. Others warn that it can easily backfire. "There are times when it can be overdone, when management of the agency will say, 'All this person does is talk to the press.' They may say, 'I think I know what the agenda is here and it's on our time,' " says DMB&B worldwide media director Mike Moore, who is not exactly a wallflower himself.

Others have had outright negative experiences in dealing with the press, either by an inadvertent slip of the tongue on a sensitive issue or by being misquoted or having their comments taken out of context. When DDB Needham media planner Christine Hawkinson was asked to be interviewed for an article about media planners a couple of years ago, she jumped at the opportunity for the exposure. Even her media director Page Thompson thought it would be a good opportunity for the young media executive. But when the article depicted her and her colleagues as frivolous party-seekers who based their media plans on media patronage, it turned out to be damaging publicity for the agency, the individuals and the media discipline.

"It was very negative," recalls Hawkinson, who is still a planner with the agency. "The agency was terrific about it, because they knew that things were taken out of context. But the overall reaction from the industry was very negative. I'm *still* hearing about it."

"It's like writing a media plan," says BBDO's Semsky. "You have to get exposure in the right places at the right time." Seconds an agency PR executive who asked not to be identified, "We coach our people to treat it like an ad. If possible, every quote attempts to bring the subject back to the point you are trying to make."

Agencies' communications and public relations executives report they generally counsel their executives on a one-on-one basis as needed. However, they note that media generally is an area that requires less coaching than other parts of the agency business.

"As long as you're not talking about your client's business, there are less sensitivities in media," says BBDO spokesman and former *Advertising Age* New York bureau chief John O'Connor. "Plus, media people are very bright." ■

THE TALKING HEAD

What, her worry? Saatchi's Betsy Frank had to overcome stage-fright to face her public.

While media directors are showing up in the press more and more frequently these days, the most quoted media person in our Nexis search was not a media director. And, no, it wasn't McCann-Erickson's ad authority Bob Coen. It was Saatchi's Betsy Frank who, with 96 references, was just about as quotable as ubiquitous ad man Jerry Della Femina, who had 100 references.

"My friends keep complaining to me that they can't open a copy of *TV Guide* without seeing my name," quips Frank, noting that such exposure was an outgrowth of her job, not its goal. "It was never my mandate to generate a lot of press," she says. Her job was intended to be an internal resource for Saatchi and its clients. However, sensing the potential PR value of Frank's insights, Saatchi media director Allen Banks has encouraged Frank's spokesperson role.

Initially, she confesses, she was terrified of the prospect of speaking to the press and especially of giving public speeches. While experience helped her overcome her anxiety, Frank also sought out training from a "presentation skills consultant," Barbara Boltax, who regularly counsels Saatchi executives on public speaking.

In general, Boltax, president of Boltax Inc., says remembering a few simple points will produce better results when making public statements. "You have to know what you want to say and what you don't want to say going in. If you remember that, you should do well," says Boltax.

Or, as Saatchi & Saatchi's Frank has learned after countless interviews, "You answer the question you want to answer." At no time in her spokesperson role did she learn this better than when she appeared on the *CBS Morning News*. The show's producers had invited her to speak about "commercials in front of movies," and Frank assumed they meant ads in front of films on videocassettes. She even called the producer to confirm it.

Come the day of the interview, CBS whisked Frank off to their studios in a limousine, and while waiting to step out on the live studio set, the producer began chatting with Frank. That's when she discovered that they actually meant "commercials in front of movies" shown in *theaters*. She managed to persevere despite the last-minute curve. "The experience really built my confidence," she says. "If I could think that fast and survive that situation, I could do anything."

FEAR OF FLYING

The wild blue yonder is getting wilder as major domestic air carriers struggle in a bitter dogfight to fill seats. Using deregulation as ammunition, stronger carriers either shot down or captured weaker airlines during the past decade. The seven leading domestic airlines now control 80%-90% of the skies.

While some say this represents an anti-competitive oligopoly, others see the fight as still fierce. "The remaining carriers have produced all kinds of new services in markets that they didn't travel before, and have become far more competitive," says David Swierenga, assistant vice president of the Air Transport Association of America in Washington. He maintains that competition has actually increased since fewer routes are served by one carrier. Eleven percent of U.S. fliers travel on routes where a single carrier provides the service, compared with 30% ten years ago. The industry was deregulated in 1978.

Half of the ad dollars go to newspapers, where a total of $209.7 million was spent last year by the top seven airlines, according to Leading National Advertisers. Price is the main theme: A quick look through the daily papers yields ads boasting two-way fares from New York to Charleston and Miami for $218 and California for $426 on USAir. TWA can get you to Florida and back for $178 and to California for $358.

Airlines would like to avoid the turbulent pricing game since it drives down profits and, if it continues, may ground more carriers. The average fare per mile was 13.67 cents for January through May, down about one-tenth of a cent from a year ago, according to the Air Transport Association.

Lee Howard, chief executive officer of Airline Economics, a Washington-based consulting company, says the industry's operating profits are losing altitude. "In 1988 it was $2.8 billion, and it dropped to $1.4 billion in 1989," he says. "If you look at 1990, we see another big drop in operating profits. We forecast between $400 and $600 million, which is about one-third to one-half of last year," he explains. "And there's very little question that it's an efficient industry, because they have taken all kinds of cost-control measures in the meantime." Rising oil prices, ignited by the Iraqi confrontation, are further squeezing

by Brian Bagot

BRAND REPORT NO. 173
DOMESTIC AIRLINE AD EXPENDITURES
APRIL 1, 1989 – MARCH 30, 1990 (000)

	Media Total	BAR Network TV	BAR Spot TV	BAR Cable TV	BAR Syndicated TV	RER Spot Radio	LNA Magazines	MR Newspapers	LNA Sunday Magazines	LNA Outdoor	BAR Network Radio
United	$85,658.2	$44,787.4	$10,214.8	$2,597.4	$201.3	$8,575.8	$11,167.6	$5,998.0	$187.9	$708.7	$1,219.3
American	87,272.8	7,825.2	21,320.6	582.1	75.0	4,085.6	9,362.2	42,405.4	722.2	395.9	534.6
Delta	97,974.1	30,980.3	4,488.4	2,138.3	16.5	9,689.9	2,898.0	45,300.0	18.3	2,444.4	
US Air*	30,846.4	8,345.4	8,936.8	7.5		2,258.7	30.4	9,328.6		1,939.0	—
Northwest	56,649.3	17,683.0	2,151.0	1,525.8	1,747.3	2,360.8	7,658.9	23,106.0	86.5	330.0	
Trans World	44,540.7		12,647.2	239.1	66.0	962.9	4,081.7	25,946.0	295.3	302.5	
Pan Am	46,821.4		8,188.6	59.7		3,846.8	1,233.7	33,649.7		642.9	

Sources: Broadcast Advertisers Report (BAR), Radio Expenditures Report (RER), Leading National Advertisers (LNA), Media Records (MR)
* Does not include Piedmont

airlines. Several tried to add fuel surcharges, but TWA and Eastern took the opportunity to start a new round of price-cutting.

Although airlines are trying to shift the emphasis from price to image, promotion-oriented ads are here to stay. Discount fares are not only ingrained in the consumers' mind, but airline management is used to this strategy. However, service will become more important in the '90s. Delta is playing it up with its image campaign, "We Love to Fly and It Shows," on tv and in magazines. And at United, the airline stresses its worldwide scope, with service throughout the U.S., Europe and across the Pacific.

Eastern, which has filed Chapter 11, is struggling to win back consumer confidence with a campaign starring the airline's court appointed trustee, Martin Shugrue. Created by Ogilvy & Mather, the spot called '100 Days' has Shugrue promising that "in the next 100 days, Eastern is going to get a little better every day." The daring ad strategy confronts head on Eastern's bad reputation with flyers. But Howard states, "As good as Marty Shugrue may be, it's a tough battle."

With airlines hooked on price promotion and freebies, profits are in a nosedive.

The business traveler is the primary target for all airlines, and tv schedules center around sports, Sunday news programs and morning news shows. Combined network, spot, syndicated and cable spending totaled $173.5 million last year.

Their magazine selection is more diverse and includes *Architectural Digest*, *Better Homes and Gardens*, *Black Enterprise*, *Forbes* and *National Geographic Traveler*. Magazine placements cost the group $37.2 million last year, according to LNA.

The biggest promotional strategy used by just about every carrier is the frequent-flier program, where miles flown add up to points towards seating upgrades and free trips and. lately, products and services. "There are a lot of freebies with these programs," says Walter Gunn, assistant clinical professor of psychiatry at Central State Missouri University and an airline pilot for 39 years. "They've let the toothpaste out of the tube, and frequent flier is going to have to stay." He would prefer competition to come from improved service, schedule operation and pleasant personnel.

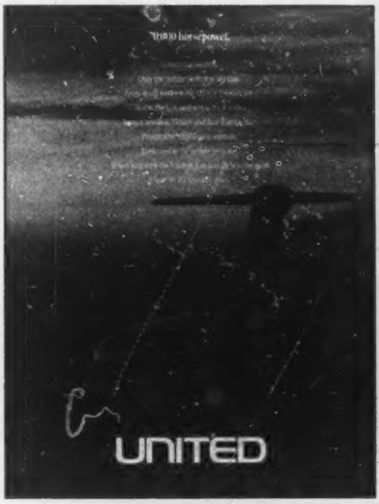
Howard sees some moves in that direction, "but you're not going to see price competition go away." He says some Max Saver fares are up to 80% below the normal coach fare, and that about 90% of all domestic travelers are using some form of discount fare. The split between business and non-business travelers is about 50/50.

The low-flying prices have attracted the attention of some consumer groups. Christopher Witkowski, director of Aviation Consumer Action Project, a group founded in 1971 by Ralph Nader to work on improving safety, service and passenger rights, points out that some airlines were advertising $30-$49 fares between New York and Washington, but there were no seats available at those fares for six months after the ad ran. "In 1987, we filed a petition which asked that the DOT require airlines to set aside 10% of the seats on flights for the deepest fare advertised," says Witkowski. "If they didn't set aside this many seats, then they should notify in the ad that fewer than 10% of the seats were available on that flight." Currently, the airlines just say that seats are limited or restrictions may apply.

The Justice Department is investigating whether carriers are violating anti-trust laws through an electronic posting of fares via the Airline Tariff Publishing Co. It's alleged that the airlines signal each other through the fare clearinghouse, in effect setting prices. The airlines, of course, deny the charges.

Following is a bird's-eye view of the marketing and advertising strategies pursued by the leading domestic carriers, based on *Fortune*'s January 1990 ranking of the top airline companies.

United



United plays up its scope in this image-building magazine ad.

United, the leading domestic carrier and up to its wing-tips in the most protracted (and still undecided) employee buyouts in history, has built its image as a quality airline serving not only the U.S., but the world. Its current image tv campaign from Leo Burnett, Chicago, depicts the airline as understanding the needs of the businessperson. One commercial shows a company that was just fired because its people relied on the telephone and fax. So now they're going to take to the sky and renew their acquaintances.

Business fliers are attracted by the Mileage Plus frequent-flier program and the Premiere program for the very frequent flier. Premiere fliers receive upgrades to higher classes, special 800 numbers for services and special customer-service representatives. They also are sent the quarterly *Mileage Plus* newsletter, which keeps them posted on special events and other happenings at United.

Another hook for the business traveler is the Red Carpet Club. The clubs are business centers at the terminals that offer telephones and computers to its members. The annual fee is $100, or $285 for three years.

"We're able to differentiate ourselves through the programs," says Karen Walsh, director of marketing programs. "But that's also where customer service plays such a key role. And that's what we offer, a breadth of service."

The coveted business traveler is reached through tv and magazines. Television, a combination of network, spot and cable, is United's primary vehicle, at a combined cost of $53 million last year. Some $40.6 million of that was spent in network, almost exclusively on sports and news programing.

Magazines cost United $11 million last year. Newsweeklies were used to hit the international business traveler, while upscale magazines such as *Gourmet*, *Town and Country* and *Smithsonian* round out the mix.

While the business traveler is the primary target, the leisure traveler is picked up through cooperative advertising with partners in Hawaii and the rest of the Pacific, and occasionally with price promotions and coupons. Some of the image print campaigns run in *Sports Illustrated*, *People* and *Reader's Digest*.

Total media spending for this year's first quarter was $13.8 million.

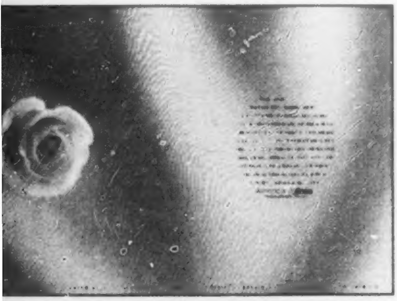
American

Although it's coming off an umbrella campaign built around quality, the primary thrust of American's advertising is tactical, according to Mary O'Neill, an airline spokesperson.

"We figure out what needs support and what we can do to be effective," she says. For example, to help promote its domestic business travel out of Chicago, American recently ran a targeted campaign, from Bozell, Dallas, where the theme was "American Means Business in Chicago."

On another front, the airline has made moves to counter Delta's push in the Dallas/Ft. Worth market — "Based here. Best here." That's the route taken in Texas because, as the company reasons, it's based in Dallas/Ft. Worth and is the largest presence in the area. "Not only do we fly here, we have an investment in the community. We have 25,000 employees in the Dallas/Ft. Worth area who buy houses, live and work in that community," says O'Neill.

Tactical moves on the international scene include building up its premium European service. A campaign in May introduced American's International Flagship Service.



American angles for the international business traveler with luxury.

Worldly Wise?

You bet. In fact, there's hardly an exotic spot on the globe New Orleanians haven't travelled to. That's why singular climes like Guadeloupe and Chichen Itza are familiar to these roving hearts.

And although their travel interests are as unique as the city itself, there's one thing they share. Before New Orleanians plan the "great escape," they tour the pages of The Times-Picayune for the latest on flights, cruises, and travel tips.

So, if you've got big travel plans for New Orleanians, make The Times-Picayune your first stop and final destination.

The Times-Picayune's Sunday Coverage of the N.O.Travel Market:

Purchasers of airline tickets for personal/ vacation purposes past 12 months	84%
Purchasers of airline tickets for business purposes past 12 months	83%
Purchasers of cruise tickets past 12 months	90%
Passport holders	87%
Member of professional/ executive occupation household	86%
Member of $35,000(plus) income household	87%

Travel
Island Hopping
You'll find on Guadeloupe what you can't get at home
Barbados is the place to fish for bargains

Location: 'Streetcar Named Desire,' collection of the Louisiana State Museum.
Source: Belden CMS, March–December [illegible]

ADSAT.

The Times-Picayune

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It played up the upgrading of premium classes on international flights with more comfortable seats, new blankets and pillows, and probably most importantly, better food.

The carrier brought in 19 famous chefs, including Paul Prudhomme, to critique its food. During the past year, the menu has evolved to offer lighter and fresher fare. A lunch flight selection may include skinless, boneless chicken breast on a bun with condiments on the side. And on some flights, there's a salad bar.

Advertising cost the airline $95.3 million last year, according to LNA, with $41 million going to newspapers. Magazine spending totaled $13.5 million and ran in a wide range of titles, including *Architectural Digest*, *Black Enterprise*, *California*, *Modern Maturity* and *Time*.

Network tv cost the airline $10.5 million last year and was all sports, including professional baseball, college and pro football and golf, according to Arbitron's Broadcast Advertisers Report.

First quarter ad expenditures totaled $25.7 million.

In addition, American gets its word out through a newsletter mailed to 11 million AAdvantage (sic) frequent-flier program members along with mileage statements. Also, American conducts telephone surveys of recent fliers.

Delta

Through its campaign, "We Love to Fly and It Shows," Delta is looking to differentiate itself from the others as a company of dedicated employees who love their jobs and are willing to provide better service.

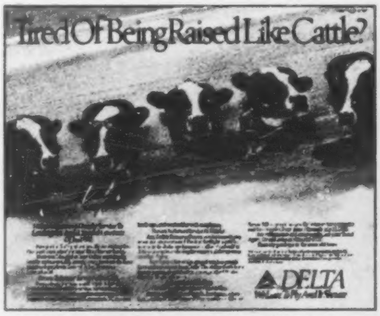
The primary target is men 25-54 who take at least three airline trips a year, while the secondary target is women with the same criteria. The tv campaign is all image with a few exceptions, such as in the very competitive Dallas/Ft. Worth area and the Los Angeles to San Francisco route.

One of the most memorable ads in the general image campaign from BBDO, Atlanta, shows a whole company of soldiers at a phone booth making airline reservations to home. When they're through, the reservation agent's supervisor asks her how many calls she's had. The exhausted agent smiles and answers, "One."

"This works on a lot of levels," says Judy Jordan, assistant vice president of advertising and sales promotion for Delta. "With all the military guys calling out where they want to go, we get out a big size and scope message. Yet we play off the customer-service aspect."

Delta spent $29.3 million in network tv last year, according to LNA. Since the target is primarily men, the tv buy is mostly sports, including Monday Night Football, college and professional basketball and golf. Delta is the official airline for several golf and tennis associations. Other programing included *L.A. Law*, *Midnight Caller* and the ABC Sunday Night Movie, according to BAR.

Magazine advertising ran up a $28.5 million bill last year, according to LNA, in such titles as *Black Enterprise*, *Skiing*, *Essence*,


Tired Of Being Raised Like Cattle?
DELTA

Knowing consumers are tired of roundups, Delta plays up service.

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THE BUFFALO NEWS
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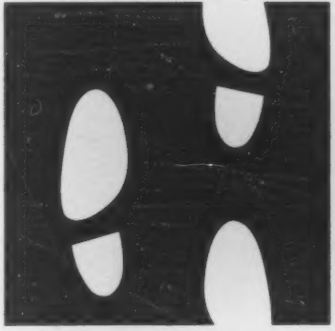
Sources: Sales and Marketing Management, 1989: ABC Fas-Fax for 6 months ended 3/31/90.



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Pueblo, Colorado 81009
U.S. General Services Administration

Ski and *Sunset*.

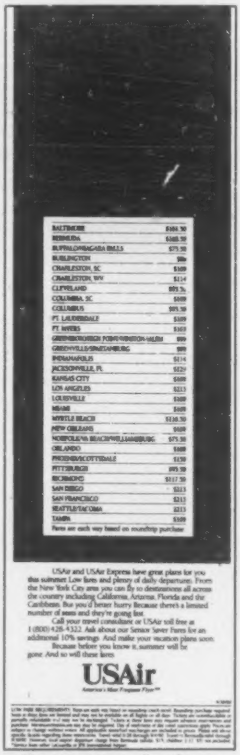
Total ad spending for the first quarter this year was $23.6 million.

Along with its image campaign, Delta has tactical strategies depending on what the specific objective is in the region, according to Jordan. For example, the Dallas/Ft. Worth ad stresses how easy it is to make connections. Leisure travelers are lured by Dream Vacation packages that include air and hotel. The airline is also the official carrier of Disneyland and Disney World.

"We do a tremendous amount of cooperative in newspapers and magazines and some limited television with the Disney organization," says Jordan. "It really gives us the rub-off we need."

Delta also has a marketing program called Fantastic Flier for children. Here, every child between two and 12 who gets on a Delta plane is given a Mickey Mouse visor and a 48-page puzzle and game magazine to keep him or her entertained while flying. It doesn't end when the plane lands. They receive an enrollment card, which enables them to get the magazine mailed to their home four times a year until they're 13. Currently there are about 75,000 members. "This is a long-term strategy," says Jordan. "If we build brand loyalty today, they will be our customers tomorrow."

Delta's revenues were $6.9 billion in 1988, according to *Fortune*.



BALTIMORE	$104.50
BERMUDA	$168.50
BUFFALO/NIAGARA FALLS	$75.50
BURLINGTON	[illegible]
CHARLESTON, SC	$109
CHARLESTON, WV	$114
CLEVELAND	$95.50
COLUMBIA, SC	$109
COLUMBUS	$95.50
FT. LAUDERDALE	$109
FT. MYERS	$169
GREENSBORO/HIGH POINT/WINSTON-SALEM	$99
GREENVILLE/SPARTANBURG	$99
INDIANAPOLIS	$114
JACKSONVILLE, FL	$129
KANSAS CITY	$109
LOS ANGELES	$213
LOUISVILLE	$109
MIAMI	$109
MYRTLE BEACH	$116.50
NEW ORLEANS	$109
NORFOLK/VA BEACH/WILLIAMSBURG	$75.50
ORLANDO	$109
PHOENIX/SCOTTSDALE	$159
PITTSBURGH	$95.50
RICHMOND	$117.50
SAN DIEGO	$213
SAN FRANCISCO	$213
SEATTLE/TACOMA	$213
TAMPA	$109

Fares are each way based on roundtrip purchase

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USAir

Ever since August 1989, USAir has been struggling to fully integrate Piedmont into its system and has not initiated progressive advertising or marketing programs, according to Tad Trantum, an airline analyst and a partner with J.C. Bradford.

"They've had more problems than they envisioned at the outset," he says. "I think it's more putting out fires rather than the luxury of sitting back and strategizing. They're probably a year or two away from doing that." USAir declined to comment on any part of its marketing and advertising strategies.

Some of its indigestion stems from pilot seniority, dealing with commuter feeders and making the hubs efficient. The airline's strength is east of Chicago and north of Atlanta. "Those routes will be extremely valuable over time as long as they do a good job," says Trantum. "They've got to put a real good senior management team together."

Besides swallowing Piedmont, USAir also recently acquired PSA on the competitive West Coast. "They're having a tough time out there," says Airline Economics' Howard. "Southwest recently moved into the San Francisco market and cut fares for introduction."

USAir spent a total of $26.7 million last year, excluding Piedmont. About $8.3 million went to network tv on big prime-time shows such as *Roseanne*, *The Wonder Years* and *thirtysomething*, as well as news programing such as *20/20*, *Today* and *Sun-*

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*SOURCE: 1988 BELDEN CONTINUING MARKET STUDY

day Morning. Unlike the other carriers, sports were used lightly, usually a football spot, according to BAR.

In print, no magazines were used, but newspapers received about $7.8 million. About $7.9 million has been invested in this year's first quarter.

Northwest

Northwest is currently planning a new campaign it cannot yet discuss. The most recent campaign targeted international fliers, particularly businessmen, with a service theme. Northwest's agency, Saatchi & Saatchi, developed a campaign that showed scenes of foreign locales interspersed with advice: "Rare scotch is the best gift for a Japanese businessman."

Television spots ran primarily on network at a cost of $16 million last year, according to LNA. Placements included NFL Monday Night Football, as well as prime-time shows such as *60 Minutes*, *Murder, She Wrote* and *The Magical World of Disney*.

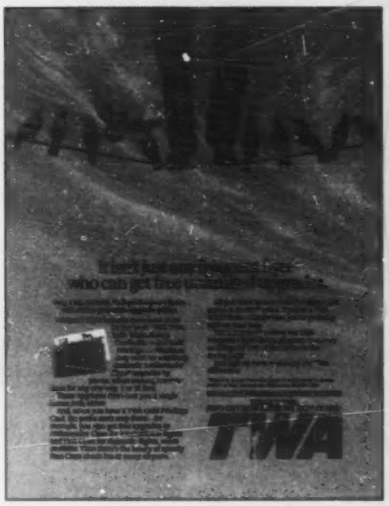
On cable, which was a $1.5 million buy last year, the commercials targeting the business flier found a niche on news-oriented programing, such as CNN's *Money Line* and *Business This Morning*. Thirty- to 90-second news reports were wrapped up by a billboard identifying Northwest as the sponsor. This set the stage for the 60-second Northwest commercial that followed.

In print, newspapers took $22.2 million of the budget, while magazines received a healthy $8.2 million, according to LNA. Magazine titles run the gamut of business books, including the *Harvard Business Review*, *Forbes* and *Fortune*. Other titles include *Golf*, *Condé Nast Traveler*, *Life*, *McCall's*, *Prevention* and *Sports Illustrated*. Total ad spending for all media in first quarter 1990 was $11.7 million.

The airline went private in June 1989 when it was acquired by KLM, which had a positive effect on the company. "Employee morale is better since the new guys have taken over," says John Pincavage, a partner with The Transportation Group Ltd., a New York-based consulting company. "People in the cabin are doing their jobs with a smile instead of a frown."

TWA

TWA is positioned as an international carrier and plays leap-frog with Pan Am for the number-one position in that segment.



Frequent Flyer programs are expensive, but airlines see no way out.

The primary target is the business traveler, and the airline was the first to develop business class seating.

The media mix for this target is television news, news-oriented radio and news and business magazines, which include *Business Week*, *Economist*, *Financial World*

A LOOK AHEAD TO

NOVEMBER

BRAND REPORT: COMMUNICATIONS–CELLULAR TELEPHONES

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and *Forbes*. Overall spending totaled $47.6 million, with spot tv taking $12.3 million of the pie and magazines receiving just under $5 million, according to LNA.

A recent campaign from Y&R spending $40 million to upgrade first-class and business-class upgrades. No traditional network tv was used. Ira Tumpowsky, senior vice president, media director at Young & Rubicam, explains, "We advertise destinations and tend to think of ourselves as a local market client rather than as a network client."

This winter, TWA is expected to spend upwards of $2 million in spot cable to target football fans in New York, Boston, Los Angeles, San Francisco, Chicago, Philadelphia, Kansas City and Washington.

Leisure travelers are targeted through newspapers, at a cost of $28.2 million last year. Entertainment radio programing is also bought, Tumpowsky explains, because of the way fares change. Radio provides more flexibility. Ad spending in the first quarter this year reached $13.8 million.

Another lure for the leisure traveler is TWA's subsidiary called Getaway Vacations, which includes round trip airfare, connections and hotels at discount prices. Recently advertised packages include six days in Australia for $674 and seven nights in Hawaii for $599.

Based on *Fortune*'s ranking, TWA pulled in $4.3 million in 1988 and flew about 35 million passengers to its destinations.

Pan Am

For the past several years, Pan Am has focused on improved service. "We've put money into training and customer service," says an airline spokesperson. The agency is Della Femina McNamee, New York.

Spot tv took $5.8 million out of the $46.2 million nine media total and targeted business travelers watching mornings news shows, as well as Sunday news programs and sports.

Newspapers took $35.3 million. In addition, Pan Am runs in newspapers what it calls white paper ads, basically progress reports from the chairman. Overall ad expenditures for the first quarter of this year are $14.9 million.

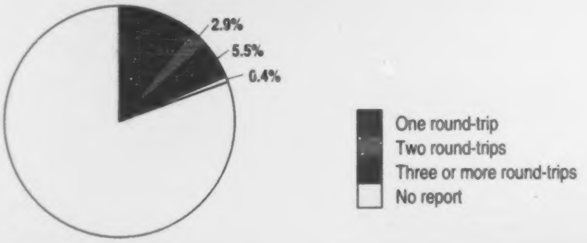
Leisure travelers make up about 50% of those flying on Pan Am, according to the company, so in addition to its frequent-flier program and business-class seating, there's a Pan Am Holidays Tours program. It's a travel assist network that gives travelers access to 24-hour emergency assistance. They can call and receive help, whether they need basic travel-plan information or to find a hospital somewhere in Europe. ■

BRAND REPORT INDEX

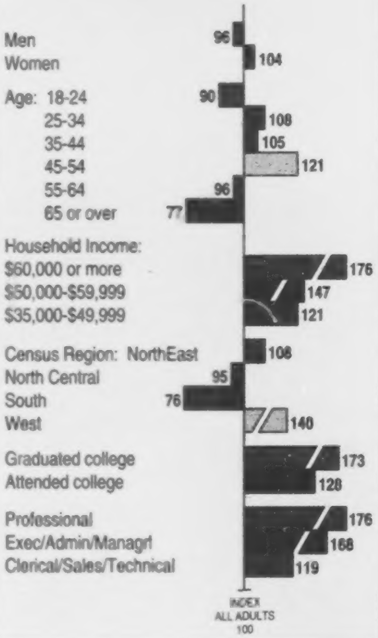
How to read: Our indices of user demographics and media preferences are used to indicate the direction and amount of difference from the average. The index of the average is, by definition, 100. Thus, an index of 112 reflects a 12% above-average incidence. An index of 89 indicates an 11% below-average incidence.

DOMESTIC AIRLINE TRAVEL

% of adults who travelled by domestic airlines in past 12 months

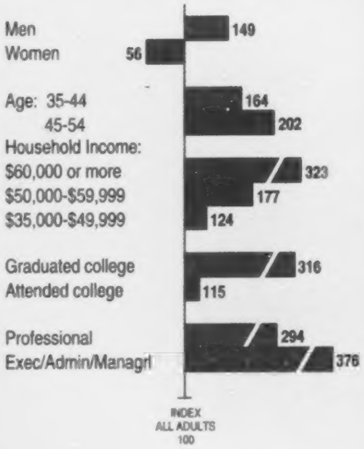


DOMESTIC AIRLINE TRAVEL KEY DEMOGRAPHICS

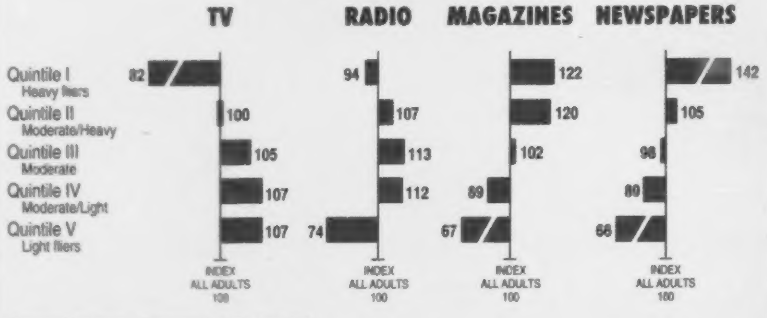


DOMESTIC AIRLINE TRAVEL FREQUENT BUSINESS TRAVELERS KEY DEMOGRAPHICS

(3 or more round trips for business purposes in past 12 months)



DOMESTIC AIRLINE TRAVEL MEDIA EXPOSURE



Source: Mediamark Research Inc. Spring 1990

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ECONOMIC EYE

MAGAZINE AD SCORECARD	Ad Pages July 1990	% change from July 1989	Dollars spent (000)	% change from July 1989
1. Skin care, Creams, Lotions and Oils	92.61	-34.8	4,140.4	-24.8
2. Lip and Eye Beauty Products	43.26	-11.7	2,243.2	18.4
3. Scents and Fragrances	29.14	-40.8	901.2	-46.6
4. Facial Makeup Products	30.0	109.4	1,167.8	209.7
5. Prepared Dinners and Entrees (including pizzas)	9.50	-65.5	562.9	-61.5
6. Liquor	367.11	5.1	17,032.7	8.1
7. Cigarettes	397.09	-34.2	25,002.3	-29.1
8. Soaps and Detergents	6.59	-61.2	555.9	-38.0
9. Passenger Cars, Domestic	437.86	50.3	29,130.4	97.7
10. Passenger Cars, Imported	293.04	19.4	18,142.4	27.9

Source: Publishers Information Bureau as prepared by Leading National Advertisers.

MEDIA COST INDEX

(The Media Cost Index is based on unit costs, which are the end-product of circulation/audience and CPM adjustments. They do not represent the efficiency of a given medium, only the out-of-pocket costs.)

1985 = 100	1989						1990									
	Oct.	% change	Nov.	% change	Dec.	% change	Jan.	% change	Feb.	% change	Mar.	% change	Apr.	% change	May	% change
Network TV																
Daytime	80	-28	82	+3	74	+0.8	78	+0.6	75	+10	78	+14	74	+2	75	+13
Nighttime	119	+19	124	+10	123	+12	129	+6	131	+9	146	+17	118	+6	129	+1
Spot TV																
Prime time	116	-9	128	+23	130	+1	148	+5	130	+3	127	+2	130	-0.6	135	+7
Daytime	94	-12	98	-5	97	-1	122	+5	100	-16	99	+2	102	+2	107	+8
Network radio	142	+8	139	+11	131	+10	173	+10	157	+11	152	+9	147	+15	150	+15
Spot radio	–	–	–	–	114	+4	–	–	–	–	118	+0.3	–	–	–	–
Consumer magazines	123	+7	123	+5	123	+3	130	+7	131	+8	131	+8	131	+7	131	+7
Natl. Sunday magazines	141	+10	141	+10	141	+10	132	+2	132	+2	139	+8	139	+8	139	+8
Business publications	123	+6	123	+6	123	+6	128	+8	128	+8	128	+8	128	+8	128	+8
Newspapers	131	+6	131	+6	131	+6	138	+6	–	–	–	–	138	+6	138	+6
Outdoor	132	+8	132	+8	132	+8	141	+3	141	+3	141	+3	141	+3	141	+3

Notes: Percentage shown is relative change from the same month/period the year before. Newspaper figures reported for January and July only.

Nielsen reports there are now 93.1 million U.S. television households, a 1.1% increase over the 1989-90 tv season.

Sources:

Nighttime Network TV- Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service.

Daytime Network TV- Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service.

Nightline Spot TV- Cost per average 30-second spot, 7:30-11p.m. Monday-Saturday and 7-11p.m. Sunday from Arbitron/Broadcast Advertisers Reports' Spot TV Service.

Daytime Spot TV- Cost per average 30-second spot, 10a.m.-4:30p.m. Monday-Friday from Arbitron/Broadcast Advertisers Reports' Spot TV Service.

Network Radio- Cost per average 30-second radio announcement from BAR's Network Radio Service.

Consumer Magazines estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn.

National Sunday Mags estimate based on published (rate cards) costs of a page, four-color in the national entries.

Daily Newspapers estimate based on Newspaper Advertising Bureau report of SRDS costs per column inch of a sample of 784 newspapers weighted to represent the universe.

Outdoor Posters based on estimate prepared by Institute of Outdoor Advertising.

Spot Radio index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

Business Publications estimates based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications.

C2950-3

M&MD

MARKETING & MEDIA DECISIONS

OCTOBER 1990 • $4.00

NEGOTIATING

MAGAZINES

Between yes and no lie the maybes that make or break a magazine buy. Here's how to give all the right answers.

Inside: Cleaning Up Cable Geo's Fast Drive Faded Jeans

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Yes or no, there's a right way and a wrong way to arrive at the answer. The rules of magazine negotiation are still being written, but some basic truths emerge from conversations with buyers and sellers. Do think long-term — put away the boxing gloves and put on your thinking cap when approaching a deal. Don't sit back and see what's offered — tell publishers up front what it is you need. And fight fair for your share — you'll get the inside track if you do. Here's a status report on the emerging art of print negotiation (pg. 27), with advice on how to say yes (pg. 30) and no (pg. 36), the anatomy of a deal (pg. 34) and a rating of agencies' rate-negotiation skills by advertising category. Print-heavy categories are among the least satisfied.

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Buyers are eye-deep in paperwork when it comes to posting cable buys, and even then they're not sure they get what they buy. Is there any way out of the administration mess? So far, it's slow going.

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As Saturn sets out to run rings around the imports, Chevrolet's joint ventures with Japan, under the Geo brand name, have made fast inroads into the small-car segment. While the domestic competition has felt their wind, so have some of the imports.

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Timing isn't the only problem with the upfront. The demographic mindset of the buyers should be rethought.

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Cover Illustration by Jean-Francois Allaux

It's a fact of life. Except for a few cranky souls out there, people just don't like saying no, at least most of the time. They certainly don't like hearing it. But with budgets growing ever tighter, agency media executives are finding that they have to dish out a lot more rejection than they'd like these days, especially to magazine sales reps.

With hundreds of new magazine titles each year joining the ranks of established books, all vying for a share of mostly flat or decreasing print budgets, print buyers are shaking their heads a lot more than they used to.

"It's the most difficult part of a media planner's or buyer's job," says Times-Mirror director of marketing services Paul Zuckerman, a former print specialist at DDB Needham. "It is easy to tell people why they did get business, but planners are afraid to tell them why they didn't."

Such fear is natural — people detest rejection and avoid it at all cost. But for agency magazine buyers, especially younger, less-experienced ones, it is even more complicated because along with the "no" must come a valid explanation.

"It's an issue of self-confidence," insists Hal Riney & Partners media director David Verklin. "The issue is whether they have been given the tools to say no with confidence, and whether they have a plausible rationale to back it up."

Either because they lack the resources to do so, or because it reflects some agencies' corporate cultures, Verklin doesn't believe that most media departments provide such tools to their magazine buyers. "Hence we end up with the stereotype of a bunch of 22-year-olds hiding behind their cathode-ray tubes making media plan decisions that are based solely on a number."

Verklin argues that numbers, far from being a fool-proof defense when turning down a buy, offer a bad form of rationalization. "A lot of the judgments we make — on editorial quality, graphics, reproduction quality, positioning, value-added, relationship with the readers — are just that. They are the easiest things to defend, because they *are* judgments. You can always debate a number, but how do you debate a judgment?"

Even worse than reducing a rejection down to a number is avoiding the rep altogether. "Probably the biggest frustration that most reps have is getting no answer at all," says Grey Advertising media director Alec Gerster. "The worst way to say no," he adds, "is by having them see your ad running in their competitor's pages."

As much as you might think otherwise, you aren't being nice to reps by not giving them a no, explains Lora Gier, Midwest advertising manager of *Esquire* magazine. "They think they are doing us a favor by leading us on, but actually, they are doing us a disservice. But that's human nature," she says of the dodge.

"Everybody has a problem saying no, but we don't want them to say nothing at all, because then we don't know where we stand," adds *Men's Life* publisher Leo Scullin, a former print specialist at Young & Rubicam. "When it comes time to close a magazine's issue, you really start pushing the pedal to the metal, and suddenly you discover that eight out of ten holds are really 'nos.' You want those things to happen sooner." Besides playing havoc with a magazine's planning, Scullin says that stringing a rep along diverts his or her energies from other, possibly more productive accounts.

So while there is no one right way to say no, magazine sales and media-department managers suggest the following pointers:

- Say it, and say it fast. Keeping reps hanging only wastes their time and yours. It also diverts their energies from prospects with greater potential.
- Never say maybe if you mean no. It gives the rep false hope and encourages them to work harder for the business.
- Give a good explanation of your rationale, being as specific as possible about what criteria the rep fell short on. Ideally, it should be something plausible enough to satisfy their sales management. It also will encourage them to think more creatively the next time they pitch your business.
- Don't hide behind numbers and don't be

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McCann-Erickson. Barbara Ames, Johnson & Johnson. Gary Martin, DMB&B, Detroit. Ed Weiner, Avrett, Free & Ginsberg. Eric Andrews, DMB&B. Al Jacobsen, Carratiello & Diehl. Sandy Golinkin, *Departures*. Liz Stern, *Health*. Bert Cobe, *Golf Illustrated*. FAIREST SELLERS: Nancy Cole, *Reader's Digest*. Milt Lieberman, *Parade*. Bill McDermitt, *McCall's*. John

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by Joe Mandese

afraid to use value judgments such as editorial environment, or circulation quality as a rationale, as long as you can back them up.

- Listen to their appeals. You may learn something that you missed the first time around.

All this assumes, however, you're allowed to say anything at all. Some agencies have tried to isolate their magazine buying staffs from sales reps because of reduced media department manpower and a concern over exposing young media executives to sophisticated and sometimes tenacious sales representatives. The situation has grown particularly dire in recent years as the volume of new and existing magazines outpaces a shrinking pool of agency planners and buyers working with relatively flat print budgets. And many agencies have adopted the print negotiating policy of allocating a higher share of their print budgets to the most competitive magazines, which means there are more nos being delivered by fewer people.

To offset the impact on media department manpower, many agencies have begun utilizing written request-for-proposal (RFP) forms to weed the long-lists of prospective magazine titles down to the short-list for their media plans. The practice has enabled agencies to process a greater volume of magazine pitches, but with much less human contact.

Another popular technique for screening the volume of magazine titles vying for a place on a brand's print schedule is the so-called cattle-call approach, in which a multitude of titles are invited into the agency for quick, back-to-back presentations.

While neither of these practices are intended to replace the ongoing, year-round contact that magazine reps try to maintain with their planning counterparts, they do have the effect of reducing human back-and-forth between the rep and the planner. Consequently, it reduces the opportunities to give a direct no to a rep when they lose the business.

"What we are trying to do is keep our planners away from the repetitive, never-ending sales calls," explains J. Walter Thompson director of media services Richard Kostyra. "We cannot go on and on and on listening to their arguments. We have to make a decision."

As Campbell Soup's director of media services George Mahrlig notes, there is a pragmatic side to such practices. As long as a magazine title looks like it might potentially benefit a Campbell's brand, the marketer and its agencies will entertain pitches from its reps. But if the title doesn't fit into Campbell's overall strategy, he says they cut the relationship off to avoid wasting either side's time.

"For instance," says Mahrlig, "we are not using any male-targeted print. Until we do again, we want to tell these people that it's not worth it for either of us to invest our time. But we would not want to cut the women's service books off quite that way. We don't mind spending time cultivating ideas with people who are in our purview, but *Popular Mechanics*? No thanks."

Besides saving time and energy, some media managers have found that the seemingly bureaucratic systems like cattle-calls and RFPs can take care of much of the initial negotiating involved in developing competitive plans these days. Using an RFP approach, for instance, New York agency Partners & Shevak initially screens titles without any direct contact with a magazine's reps. Not only does the concept, which the agency refers to as "pre-planned negotiation," do away with a planner having to deliver a face-to-face no to a rep, but it saves the agency time haggling over price, positioning, merchandising and the rest of the components that make up today's magazine deals.

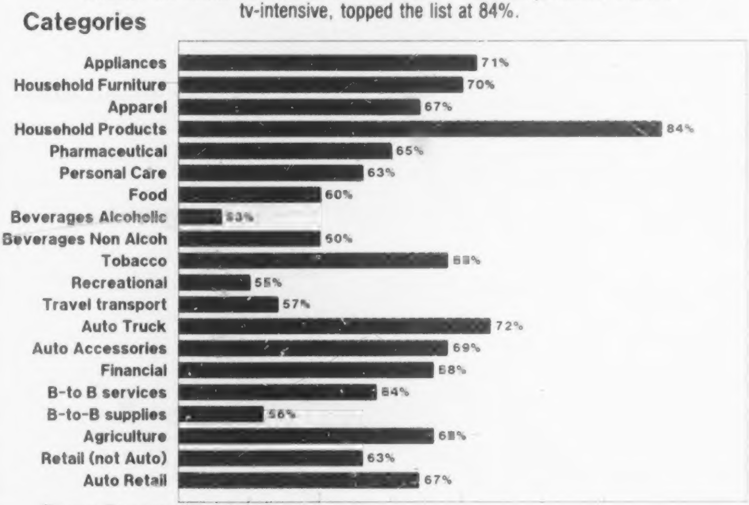
"We still do the initial magazine efficiency evaluations by looking at syndicated research," explains P&S media director Charles Parlato, noting that that process enables the agency to come up with a "short-list" of say 20 titles. These books then are invited by letter to pitch the business, including all of the negotiated components. "What we're doing is asking the people on the short-list to win the business in competition with the other magazines," he adds.

When all of the proposals are submitted, P&S's planning department sifts through them to develop its final recommendation, which it attaches along with all of the pro-

erge Del Grosso, Y & R. Jeri Dack, Altschiller/Reitzfeld Davis. Sarah Crowley, Hill, Holliday. Ronni Beason, J. Walter Thompson. Irwin Srob, Saatchi & Saatchi. Cathy Stadlin, Thomas J. Campbell, *Business Week*. Mary Berner, *TV Guide*. Mary Muller, *New Woman*. Susan Small, *Glamour*. Richard Free, *Home*. Susan Baron, *McCall's*. BEST SELLING NEGOTIATORS

Agencies: How Do They Rate?

Percepts Inc. asked clients how satisfied they were with their agencies' rate-negotiation skills. Alcoholic beverages — a print-heavy category — scored lowest, with clients satisfied 53% of the time. Household products, which is tv-intensive, topped the list at 84%.



Source: Percepts, Inc., New York

posals and sends to its client for approval. While this process might seem sterile, Parlato says it actually is more fair to reps than most other systems.

"The publication doesn't have to come back and fight against a plan that the agency has already sold," Parlato explains. "Once an agency writes a recommended proposal, it is very difficult for a magazine to go back and change it."

Others, however, feel that such systems reduce the kind of "qualitative" insights that only direct contact with a magazine rep can offer. "This is all being done for efficiency and cost-containment reasons. It's not being done to develop better magazine plans," insists HR&P's Verklin. "With these ivory-tower approaches, media plans are being developed without any ongoing dialogue between the media planner and the magazine salesperson. They fail to allow a media person to get a true qualitative understanding of what a magazine is all about."

That's not to say that HR&P doesn't employ some of those very same techniques. In fact, the agency recently went through one of the biggest RFP processes ever conducted. The systematic technique was used to develop a magazine schedule for the launch of client General Motors' new Saturn car line this month. However, HR&P's approach was very personal and was designed to maintain constant, almost incessant dialogue between its planners and the magazine reps.

It all began with Saturn's "Media Day," on which HR&P invited any magazine interested in pitching the Saturn business to attend a one-day briefing on the brand's goals and objectives. About 320 magazines — "from *Sesame Street* to *Playboy* to *Time*" — were given "a shot at the business," according to Verklin.

Moreover, each magazine was assigned a "media guide," someone in the media department who was their personal liaison on the review. Each of the 16 people in the Saturn media group were assigned 20 titles to work with throughout the pitch.

Verklin says they maintained regular dialogue with their reps, updating them when they fell short competitively. "When obstacles came up, the reps knew where they could put their efforts toward trying to overcome an objection vs. just trying to pitch a magazine."

After the initial evaluation of the titles on the broad list, HR&P cut the list down to 70, which participated in much more detailed meetings dealing with things like positioning packages, merchandising and additional data analysis.

"When we made our final decisions, we got on the phone with every rep who pitched the business. Each one got an explanation from a media planner about how we made our decision," says Verklin. The reps were invited to appeal the decision if they felt it was made unfairly, or if they had new insights to offer.

Verklin acknowledges that HR&P's process is much more time consuming than the systems employed by other agencies, but he maintains that it generates better magazine plans and provides other long-term dividends by maintaining good relationships with the sales-rep community. "We want to be thought of as the most polite media department in America," he says.

The benefits of such an approach, whether a book makes the cut or not, are many, he adds, including better service and stewardship of his client's magazine schedules, first crack at special opportunities and new ideas from reps, greater assistance when a client needs favors like getting in or out of a book at the last minute and "more of a long-term mentality. They're trying to build a relationship with us."

Others admire HR&P's openness with the rep community, but say they prefer to keep their magazine planning process closer to the vest for strategic reasons. "My philosophy is to let a rep know where they stand when you can, but that's not always easy, because once they are told that they are not being bought, they want to know who is being bought. And I have mixed emotions about revealing that," explains Laurence, Charles, Free & Lawson director of media services Robert Adler.

"From a strategic point of view, I cannot let it get out that I have eliminated consideration of a certain magazine, because I will lose some negotiating leverage with the magazines that I am seriously considering," adds Levine, Huntley, Schmidt & Beaver media director Ed Ronk.

Still others feel this "closeted" magazine planning process fosters poor communication between reps and agency planners, which encourages sales reps to be even more tenacious about going after their business.

"The real problem is when someone hears about a piece of business at the last minute," explains *Condé Nast Traveler* publisher Ron Galotti. "The agency is going into planning and all of a sudden 250,000 reps call one media person. It's physically impossible for one person to field that kind of activity. But if you have relationships that are founded on good, solid work done on a 365-day-a-year basis and not the day that someone is going into planning, the business will get done a lot more professionally." ■

Lipton. BEST BUYING NEGOTIATORS: Tyler Shaeffer, FCB/Leber Katz. Reina O'Conner, Rockport Shoes. Donna Campenella, Lintas. Bruce Honig, Western Media. Donna Galotti, *Ladies' Home Journal*. Pete Spina, *The National*. Michael Peterson, *Colonial Homes*. Marc Bertholet, *People*. Steve Burzon, *Met Home*. Jane Young, *Atlantic*.

GOLLY GEO

Chevy couldn't beat the small-car imports, so it joined them to create a spunky new brand family.

by Brian Bagot

Under Michael Erdman, Geo's global partnership netted a sales jump of 62% in the '90 model year.

Peter Yates

GM's Saturn has been dubbed the import-buster, and all eyes are on its launch this month to see whether the auto giant can steal back share from its foreign rivals. But guess what? Elsewhere in GM, it already has.

Chevrolet's family of Geo compacts and sub compacts — which enlisted import makers to appeal to import buyers — gained more than five percentage points in small-car market share for the calendar year through August 1990. Geo accounted for 12.8% of the 1.6 million small cars sold in that period, up from 7.6% share for the same period in 1989.

Most of the gain came from its established models, though the Tracker's introduction added 26,158 units to the brand's 201,003 eight-month total. Meanwhile, Ford, Chrysler, Nissan, Subaru and Hyundai lost share of the small-car market in that same period. (See chart, page 50.)

Feeling the pinch from imports in the small-car class, Chevy introduced Geo in '88 as part of an effort to get import-oriented consumers, as well as those who were undecided about imports, into its showrooms. Since then, the four-model line has exceeded most industry watchers' expectations, and at least met the sales expectations of Chevy's then marketing head.

"I'm not disappointed," says Mike Erdman, who was general marketing manager for the Chevrolet Motor Division until last month, when he was named vice president of sales and marketing for General Motors Canada. "We always want to have a bigger share of the market. I don't think the day will come when a marketer will tell you he's happy. But I'm satisfied with the progress we've made since '87, and we're on track to do an even better job."

Apparently, it takes more than a 62% increase in car sales from the '89 to '90 model year to get Erdman excited. For the full '90 model year, GM says 271,001 model year '90 Geos were sold. That compares with 167,695 the year before.

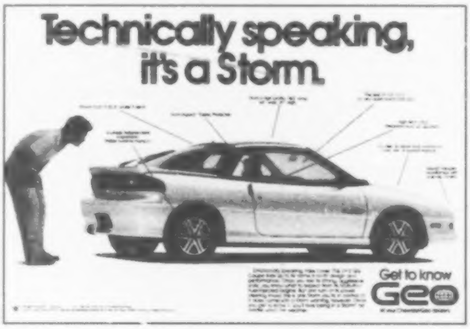
With increases like that, the cars have been blowing the doors off just about everybody else in the segment, which contributes 36% to the overall car market. Only Toyota and Honda are making similar gains.

Even though the Geo brand pulled into the scene in '88, its journey began way before then. Chevy was watching its domestic sub-compact entry, Chevette, skid as imports made significant inroads into that market. In the '87 model year, Chevy had only a 6.5% share of the small-car segment.

"Our research told us that there were in fact a number of people who were import intenders, and we concluded that some of those import-intenders would never go into a domestic dealership," says Erdman.

GM management reasoned that by entering into joint ventures with importers, dealers could get a shot at the import-oriented consumer. "We saw an opportunity to bring people into the dealership who we would not normally get a chance to see," Erdman explains.

The first joint venture was with New United Motor Manufacturing Inc., or NUMMI, an arm of Toyota, to manufacture the Nova. Isuzu was next with the creation of Spectrum, followed by Suzuki with Sprint. There were three joint ventures in the space of about 18 months, with the cars advertised as "import-inspired," according to Erdman. All but the Nova were manufactured overseas.


Technically speaking, it's a Storm.
Get to know
Geo

But the Chevy imports stalled in the showrooms, and its share of the subcompact segment dropped to 5.4% in '88. "When they were trying to market the cars under the Chevy label by model, the marketing effort was a failure," says Philip Fricke, first vice president of Prudential Bache Securities. "For whatever reasons, sales were terrible. The cars fell between the cracks, and Chevrolet wanted to establish a very clear identity for these models."

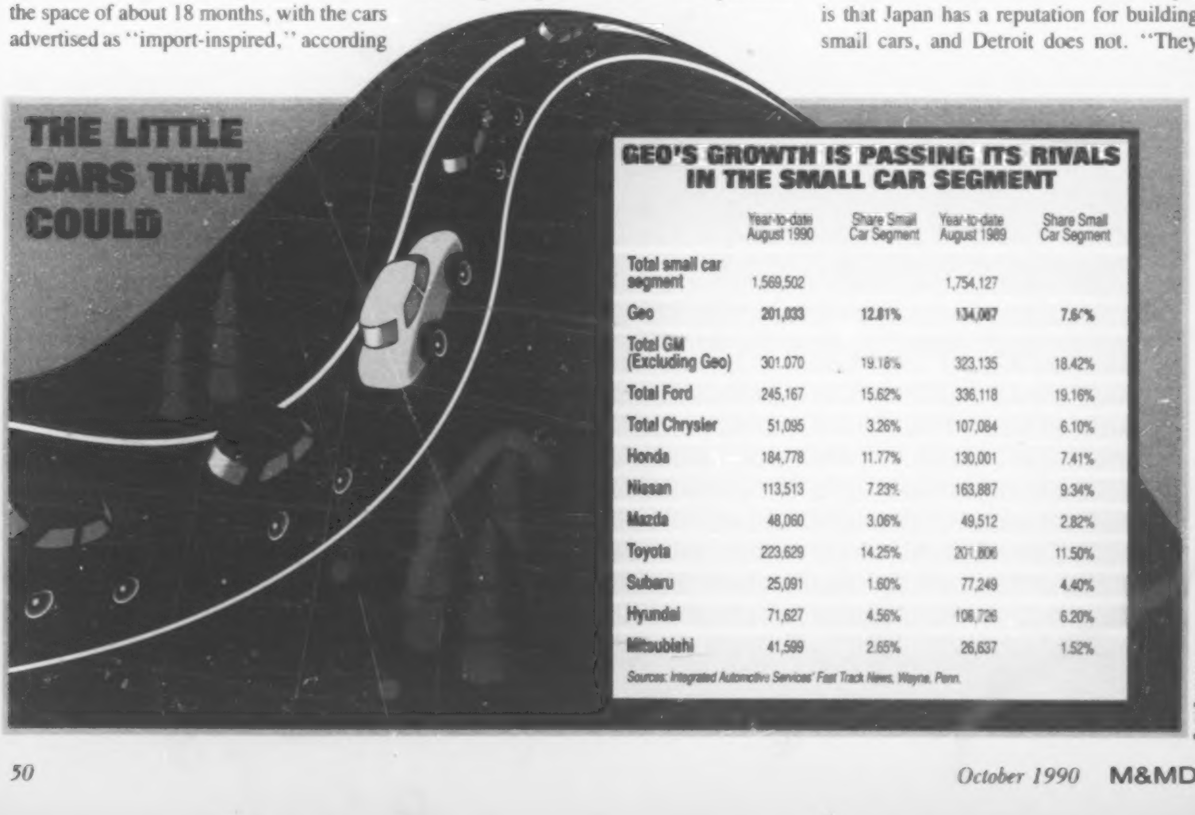
GM decided to develop a separate brand marketing plan for the vehicles, and thus Geo was born. The model names were also changed, giving the entire line a clean slate. "With Geo as the umbrella, we had the opportunity to use our resources talking about Geo as a family of vehicles. We changed the names inside the family so we could get separation from the previous nameplate," states Erdman.

As Chevy revved up for the change, its dealers had to be sold on the idea. Erdman acknowledges their skepticism — after all, GM was not only layering on the Geo label, but the names of the cars were changing and the launch dates of the individual models were to be staggered because of availability.

"We were saying to them: 'We're putting a Geo umbrella out there, and incidentally, that Nova you're selling? We're going to call that Prizm, and we will not get that to you until March of '89. And instead of selling the Sprint, we're going to call that the Metro. That won't get to you until October of '89. And by the way, we're also going to bring in a utility vehicle, the Tracker, and we have only about 10,000 of those and won't get those until spring of '90. And incidently, the Spectrum is now going to be the Storm, and that is not going to get to you until the fall of '89.' Some of our dealers had their doubts, and rightly so from their standpoint," Erdman explains.

One of those dealers was John Butler, sales administrator at Pine Belt Chevrolet, Lakewood, N.J. "We couldn't understand why they just couldn't call it Chevrolet. As it worked out, they were right, because it has become a very, very important part of our business."

The wisdom of the move, Butler says, is that Japan has a reputation for building small cars, and Detroit does not. "They



THE LITTLE CARS THAT COULD

GEO'S GROWTH IS PASSING ITS RIVALS IN THE SMALL CAR SEGMENT

	Year-to-date August 1990	Share Small Car Segment	Year-to-date August 1989	Share Small Car Segment
Total small car segment	1,569,502		1,754,127	
Geo	201,033	12.81%	134,087	7.64%
Total GM (Excluding Geo)	301,070	19.18%	323,135	18.42%
Total Ford	245,167	15.62%	336,118	19.16%
Total Chrysler	51,095	3.26%	107,084	6.10%
Honda	184,778	11.77%	130,001	7.41%
Nissan	113,513	7.23%	163,887	9.34%
Mazda	48,060	3.06%	49,512	2.82%
Toyota	223,629	14.25%	201,806	11.50%
Subaru	25,091	1.60%	77,249	4.40%
Hyundai	71,627	4.56%	108,726	6.20%
Mitsubishi	41,599	2.65%	26,637	1.52%

Sources: Integrated Automotive Services' Fast Track News, Wayne, Penn.

David Speranza

knew they couldn't build a good small car because they had dropped the ball a few times with the Monza, the Vega, what have you. And so they went with what the world recognizes as the pros, and that's the Japanese."

Not all Chevy dealers had to pick up the Geo franchise, but out of 4,900, only 700 aren't selling the line. And as Erdman explains, "In most cases, the dealers who opted out were smaller dealers in remote parts of the country."

Today, NUMMI produces the Prizm in Fremont, Calif. The Storm is built by Isuzu Motors in Fujisawa, Japan. The Metro LSi convertibles are built by Suzuki in Kosai, Japan. All other Metro models and the Tracker are built by CAMI, a GM-Suzuki joint venture in Ingersoll, Ontario, Canada. All are sold and serviced by a nationwide network of Chevrolet Geo dealers.

A great-looking way to get precisely what you're looking for.
Geo Prizm.
Get to know
Geo

"I consider it at this point a totally integrated process, with tremendous support from our dealer organization," Erdman says.

Each car is designed to appeal to a particular consumer. The biggest seller is the Prizm, essentially a clone of the Toyota Corolla. The Prizm retails for $9,680 for a four-door hatchback sedan, about $700 more than the entry-level Corolla, which has fewer cosmetic appointments. It roared away with 105,878 sales in the '90 model year and is targeted at the practical buyer.

The sporty Storm is the second-best seller in the line, with just under 75,000 '90 models sold. Here the aim is to hit younger, mostly single female drivers with a $10,670 sticker price for a 2+2 sports coup.

With a sticker price of $6,795, the Metro is for the economy-minded buyer. It's also the fuel-economy leader among all Chevy vehicles. Metro sold 64,041 units for the '90 model year.

Geo's Tracker is a sport-utility vehicle that has captured 4% of the total truck market, of which sport-utility vehicles make up about 14.6%. The 1990 Tracker climbed its way to 26,158 sales with a suggested retail price of $11,285 for a four-wheel-drive, hard-top model.

The demographic makeup of the "import intender" group that GM identified as its target is varied, but the age range is 18-34. Network tv received $32.5 million in the 12 months ended June 1990, according to Leading National Advertisers, while spot tv received $17.8 million in the same period. Regional support goes to markets where there is high ownership of imported cars, such as the West Coast, the Northeast and Chicago.

The Geo campaign is a combination of broad umbrella and highly targeted strategies. "We try to look for a balance," says Tony Hopp, executive vice president, Chevrolet account director for Lintas: Campbell-Ewald. "Obviously, when you're trying to establish a new brand and four nameplates, you need mass-oriented print and television. In our regional programs, we look at an individual ADI at a time."

The advertising establishes Geo's personality as a "fun" line of cars. "It's important to put significant weight against, 'What is this new brand?' and 'Where do I find it?' and 'Why should I be interested?'," Hopp says. "We're establishing awareness and trying to get Geo on the shopping list."

An umbrella print ad says that in the '70s we got to know a small Japanese car company called Toyota, and in the '80s it was Honda. Now for the '90s we have Geo. Hopp describes this strategy as a "leveraged pull up."

The magazine campaign cost $7.8 million during the 12 months ended June 1990, according to LNA, and included titles aimed at the 18-34 demo, such as *Rolling Stone*, *People* and the newsweeklies.

There are also the executions targeting the specific markets for individual models.

Geo Tracker.
Good clean fun.
Get to know
Geo

You're looking at the only way a gallon of gas can go 58 miles.
Geo Metro XFi.
Get to know
Geo

Hopp says that each car is aimed at a specific segment of the market. "We have a very vivid portrait of a Geo customer, as opposed to a picture," he explains. "With the portrait, you get many more nuances and a psychographic understanding of who the person is and how the vehicle fits into his or her lifestyle."

The Storm is targeted at young females, and the print plans includes such lifestyle-oriented titles such as *Cosmopolitan*, *Elle*, *Spin*, *Outside*, *Premiere* and *Ski*, according to Katie Kiyo, vice president and associate media director.

Ads create a fun personality for the four Geo models.

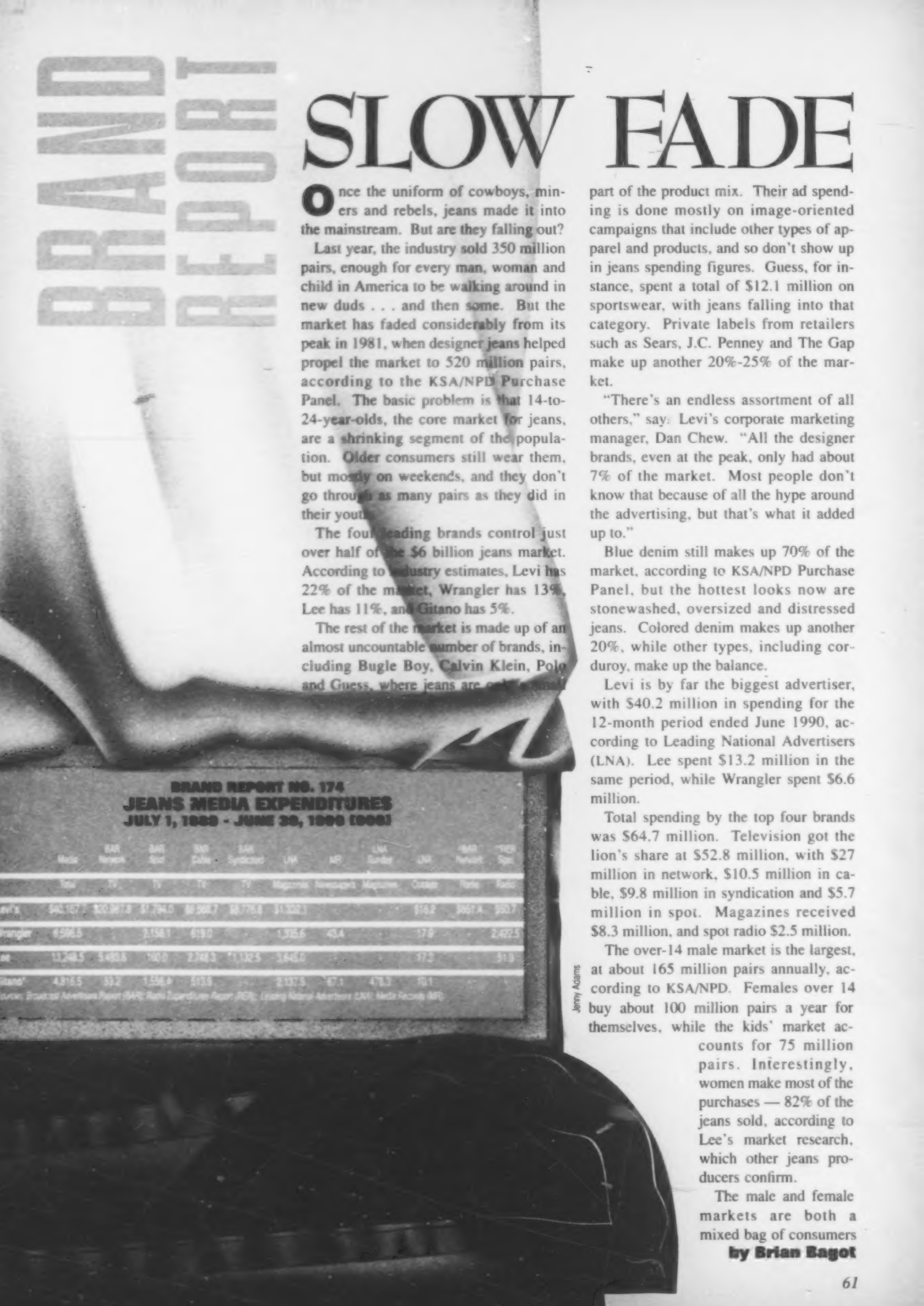
Young lifestyle also drives the tv buy as the media strategy is built around programing aimed at the 18-34 viewer.

"On prime time we're looking for shows like *Roseanne*, *Who's the Boss*, *The Wonder Years*, the younger skewing programs," says Judy Sawyer, senior vice president, group media director. Other programing includes late night fare such as *Friday Night Videos*, *Saturday Night Live*, *Arsenio Hall*, as well as alternative routes like Fox, MTV, Nick at Night and USA.

The 1991 media campaign is expected to place less emphasis on the specific models and be more brand oriented.

For now, plans are to keep Geo as a U.S. line (with the exception of Prizm, which is exported to Taiwan). But down the road, Geo might live up to its global-sounding name. A spokesman for GM's international export division says, "We're looking at these various markets. We've got some studies going on."

For now, it's enough to have made a hard drive into a problem segment. ■



BRAND REPORT

SLOW FADE

Once the uniform of cowboys, miners and rebels, jeans made it into the mainstream. But are they falling out?

Last year, the industry sold 350 million pairs, enough for every man, woman and child in America to be walking around in new duds . . . and then some. But the market has faded considerably from its peak in 1981, when designer jeans helped propel the market to 520 million pairs, according to the KSA/NPD Purchase Panel. The basic problem is that 14-to-24-year-olds, the core market for jeans, are a shrinking segment of the population. Older consumers still wear them, but mostly on weekends, and they don't go through as many pairs as they did in their youth.

The four leading brands control just over half of the $6 billion jeans market. According to industry estimates, Levi has 22% of the market, Wrangler has 13%, Lee has 11%, and Gitano has 5%.

The rest of the market is made up of an almost uncountable number of brands, including Bugle Boy, Calvin Klein, Polo and Guess, where jeans are only a small part of the product mix. Their ad spending is done mostly on image-oriented campaigns that include other types of apparel and products, and so don't show up in jeans spending figures. Guess, for instance, spent a total of $12.1 million on sportswear, with jeans falling into that category. Private labels from retailers such as Sears, J.C. Penney and The Gap make up another 20%-25% of the market.

"There's an endless assortment of all others," says Levi's corporate marketing manager, Dan Chew. "All the designer brands, even at the peak, only had about 7% of the market. Most people don't know that because of all the hype around the advertising, but that's what it added up to."

Blue denim still makes up 70% of the market, according to KSA/NPD Purchase Panel, but the hottest looks now are stonewashed, oversized and distressed jeans. Colored denim makes up another 20%, while other types, including corduroy, make up the balance.

Levi is by far the biggest advertiser, with $40.2 million in spending for the 12-month period ended June 1990, according to Leading National Advertisers (LNA). Lee spent $13.2 million in the same period, while Wrangler spent $6.6 million.

Total spending by the top four brands was $64.7 million. Television got the lion's share at $52.8 million, with $27 million in network, $10.5 million in cable, $9.8 million in syndication and $5.7 million in spot. Magazines received $8.3 million, and spot radio $2.5 million.

The over-14 male market is the largest, at about 165 million pairs annually, according to KSA/NPD. Females over 14 buy about 100 million pairs a year for themselves, while the kids' market accounts for 75 million pairs. Interestingly, women make most of the purchases — 82% of the jeans sold, according to Lee's market research, which other jeans producers confirm.

The male and female markets are both a mixed bag of consumers

by Brian Bagot

BRAND REPORT NO. 174

JEANS MEDIA EXPENDITURES

JULY 1, 1989 - JUNE 30, 1990 ($000)

	Media Total	BAR Network TV	BAR Spot TV	BAR Cable TV	BAR Syndicated TV	LNA Magazines	MR Newspapers	LNA Sunday Magazines	LNA Outdoor	RER Network Radio	RER Spot Radio
evi's	$40,167.7	$20,987.8	$1,794.0	$9,568.7	$8,776.8	$1,332.1	-	-	$16.2	$661.4	$50.7
rangler	6,586.5	-	2,158.1	619.0	-	1,335.6	43.4	-	17.9	-	2,422.5
ee	13,248.5	5,483.6	190.0	2,748.3	1,132.5	3,645.0	-	-	17.2	-	51.9
itano*	4,816.5	53.2	1,556.4	513.9	-	2,137.5	67.1	478.3	10.1	-	-

ource: Broadcast Advertisers Reports (BAR); Radio Expenditures Report (RER); Leading National Advertisers (LNA); Media Records (MR).

Jenny Adams

who want tradition, fashion or just a comfortable fit. And then there are the fickle kids, whose buying power is growing.

"We used to advertise to moms, but increasingly, these young boys and girls are making the purchase decisions themselves," explains Chew. "So the past couple of years [we] have focused on them through media they use."

Levi reaches 7-11-year-olds with its "Wild Creatures" campaign, which shows groups of (mostly) boys doing everything from skateboarding to basketball. John Cleese does the voice-over for the ads, which appear on Saturday morning programs and Nickelodeon. The print buy for this target includes *Sports Illustrated for Kids* and *Boy's Life*.

To reach its core audience of 14-24-year-olds, Levi recently signed film maker Spike Lee. He is directing a series of commercials for a $20 million media buy around the 501s. Lee also provides voice-over in the spots, asking a cross section of the target what they do in their 501s.

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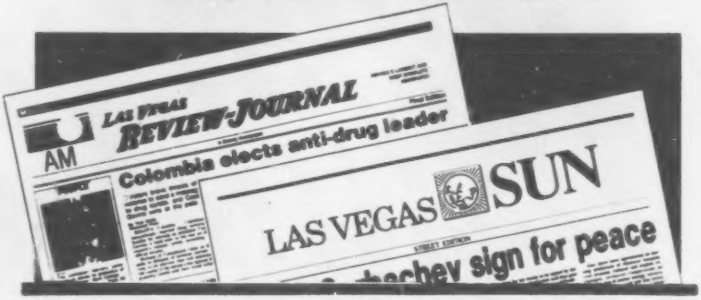

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*SOURCE: 1988 BELDEN CONTINUING MARKET STUDY

"We chose him for two reasons," says Chew. "We wanted the commercials to have a documentary feel, and he has a great rapport with kids. He elicited a genuine response, which we needed."

In the first of seven spots from Foote, Cone & Belding/San Francisco, two Brooklyn teenagers relay Levi's theme in what some may think is Brooklynese but is really "Is Your Fly Buttoned?" backwards: "Si Ruoy Ylf Denottub?" (Remember, it's for teenagers.) Just having dialogue is a departure for Levi's. "We wanted to hear more from the people on camera," says Chew. Levi's total tv spending is $38.2 million — 60% of all jeans advertising.

Wrangler used print to target blue-collar, 25-49-year-olds with its Rugged Wear line, and ran in titles like *Outdoor Life*, *Field & Stream* and *Sports Afield*. The ads feature a regular guy with two of his great pleasures in life — Wrangler Rugged Wear jeans and his hunting dog, uncle or water skis. "It's a lifestyle statement, and we used real people in order to portray that it's a real-person type of product," says Karen Ellis, associate media director for The Martin Agency.

The company focused in on the male reader this year, even though women often make the actual purchase. The schedule now includes *Playboy* and several hot-rod books such as *4-Wheel & Off Road*, *Hot Rod* and *Popular Hotrodding*. "The whole contention is that the woman is going out to buy, but the husband it telling her what to buy," says Ellis.

Imported jeans have been steadily increasing and now the percentage of jeans purchased is over 20%, according to KSA/NPD Purchase Panel. "A lot of people are looking to get into the market with new labels," says Jean Driscoll, director of public relations at Jeanswear Communications, an industry association. Many of the new names are from Europe and bring different looks — oversized, relaxed and used — some of which are now being offered by the top three.

But the market has matured, as have the baby boomers who helped jeans sales explode in the first place. Despite vigorous workouts, guys are realizing that once they pass the quarter-century mark, the same jeans they wore in their early 20s just don't fit the same way anymore, even if the waist is the same size.

In response, jeansmakers are offering an oversized cut to allow more room in the seat and legs. And for those who still want the slim fit, denim producers are working on stretch denim products that should be more comfortable.

Following is a look at how the leading jeanswear companies, based on industry market-share estimates, are fitting into the needs of a changing market.

Levi's

"Ten or 15 years ago, Levi's had one national image campaign," says corporate marketing manager Dan Chew. "Now we're taking up a many-markets, one-brand strategy."

BUTTON YOUR FLY
BUTTON YOUR FLY

Levi's 501 campaign from Foote, Cone & Belding makes buttoning your fly a snap.

The company is segmenting its consumer target not only by age but by region, and even by ethnic group. Four years ago, Levi's launched its Hispanic campaign from Mendoza Dillon. Running primarily in the West and Southwest, the message of the campaign is that Levi's are appropriate for all occasions. "In that particular group, Levi's are worn primarily for work, and we're trying to broaden its appeal for other uses," explains Chew.

Levi's primary target is the 14-24-year-old, and that's where the 501 campaign is aimed. In addition to the national campaign, which is directed by Spike Lee, there's an animated regional campaign from Foote, Cone & Belding running in seven Eastern and Midwestern cities and markets. The regional campaign is called Levi's 501 Button Fly Guys and will run in markets where there's more opportunity to grow the 501 business.

"When we launched the 501 campaign in '84, the majority of our sales were in Western states, where people grew up with the button fly," says Chew. "We saw it as an opportunity to introduce the button-fly product to young people primarily east of the Rockies." 501s are by far the most heavily advertised jean, with $38.2 million in tv spending in the 12 months ended June '90. Programs bought included *Late Night with David Letterman*, the original *Star Trek*, *Alien Nation* and *The Simpsons*. No print was used, according to Chew, because "we found it was more efficient to reach them through tv."

Three years ago the company launched a campaign pushing its 505 and 506 jeans, which give a bit more room in the thighs for men 25-plus. The national push runs primarily on sports programing. "You name it, we're on it — ESPN, baseball, football, soccer," says Chew. Again, not much print is used because of the efficiency issue. Print spending overall for Levi's jeans totaled just over $1 million for July 1989-June 1990, according to LNA, and focuses mainly on seven-to-11-year-olds.

With about 22% of the market, Levi's jeans sales were estimated to be about $1.3 billion last year.

Wrangler

Wrangler, a division of VF Corp., hits three different segments with three different lines of jeans. This year, its main thrust is behind Wrangler Rugged Wear in markets east of the Mississippi. To hit blue-collar men 25-49 who enjoy the outdoors, Wrangler uses sports tv and sponsors B.A.S.S. Masters Inc. as well as its weekly cable fishing program. Radio also fits into the mix, with buys on AOR (album-oriented rock) and country stations.

Wrangler Western Wear, perceived as the authentic cowboy uniform, has a whopping 40% share of the Western apparel market. (They're even the official jeans of the Pro Rodeo Association.) But this year, the company is broadening out from that hardcore positioning to target the contemporary cowboy. "This is the person who is not necessarily working on a ranch, but will go to a rodeo and will aspire to a cowboy type of thing," says Karen Ellis, associate media director for The Martin Agency.

A Western original, Nolan Ryan is one of several cowboys dressing for Wrangler.

The ad campaign for Western Wear features rodeo stars and other celebrities the 18-34 audience looks up to, including Nolan Ryan, the 300-plus game winning pitcher for the Texas Rangers. "He's wearing the jeans, he's from Texas and he's a rancher. But he's also a contemporary guy," says John Schamberger, vice president of consumer marketing for Wrangler.

The campaign is print and radio. Television is not being used, except for some rodeo, because "we didn't feel it was the time with this new audience," according to Ellis.

The print schedule for Western Wear includes *Rolling Stone*, *Sports Illustrated* and *Playboy*, quite a stretch from the rodeo and equine magazines it used to buy exclusively. Print spending during the 12-month period ended June '90 was $1.4 million, according to LNA. Radio also plays a big part on AOR, country and contemporary hits stations.

Wrangler American Hero is a mass-merchant line with contemporary finishes and colors targeted to the 20-plus buyer. It's a promotional line that doesn't get much ad support, according to Ellis.

Total ad spending by Wrangler, which has an estimated 7% of the market, was $6.6 million during the 12 months ended June '90. If Wrangler's Rustler brand is included in its market-share figures, Wrangler's share jumps to 13%.

Rustler is a basic volume brand sold through discounters, according to Schamberger. Besides co-op dollars, it doesn't really get any advertising support. "It's a good traffic builder for the store," he says.

Lee

Lee competes in all segments of the market, but its advertising is geared towards the women's market. "It's a strategy that has worked well for us," says Joe Pacifico, vice president of marketing for Lee, another division of VF Corp. "We spend the majority of our advertising dollars on the female, so we get her as both a user and purchaser. She purchases a lot for children."

Total ad spending for Lee jeans was $13 million during the 12 months ended June '90, according to LNA. Network tv took the bulk with $5.5 million on soaps, giving Lee the 25-44 age group.

This year, a more diverse tv mix will be used, according to Pacifico, who says prime and late-night will be used, "giving the women a little more after she puts the kids to bed." These programs include

Save yourself the trip.
Our newest jeans have already been through hell.
PEPPER·USED

The brand that fits, Lee has worked its way into the lifestyles of its primary target, female jeans wearers.

Late Night with David Letterman, *Arsenio* and *thirtysomething*.

Lee also has a significant print campaign for Relaxed Riders running in titles that include *Cosmopolitan*, *Elle*, *Seventeen* and *YM*.

This year's campaign, by Fallon McElligott, places more emphasis on product benefits — comfort, fit and finish. "Over the last two years, we [emphasized] imagery and I think we may have confused our customer a little bit," explains Pacifico.

On the selling floor, Lee has taken some steps to make buying its jeans a little easier. The labeling has been redone so that it screams fit, which is the main criteria in the women's market. Some of the industry jargon has been removed, so instead of saying inverted silhouette, the label now says regular-fit straight leg. "If you don't make it easy for the consumer, you can really drive them nuts," says Pacifico.

Men make up about 30% of the business at Lee, with kids jeans picking up another 30%. Men are targeted through a product-specific print campaign for its Easy Riders and Lee Riders jeans. There's no tv, so the men are hit in *Sports Illustrated*, *GQ*, *Playboy*, *Inside Sports* and *Sports Afield*. "That's our strategy," says Pacifico. "To drive the greatest amount of expenditures at the female, but still have a men's campaign. We look at it as a competitive advantage that we're a family brand."

Total print spending for the 12 months ended June '90 was $3.6 million, according to LNA. Lee has about 11% of the $6.1 billion market.

Gitano

About a year ago, Gitano launched its "Spirit of Family" campaign, which represents a radical departure from the sultry young women that represented the brand for several years. "We realized that the product category was expanding, so we really needed to broaden our perception," says John Amodeo, president of The Ad Group, Gitano's in-house agency. "Now most of our print and tv advertising encompasses this 'Spirit of Family' positioning."

Family Life
GITANO

No longer just sexy, Gitano is celebrating the "Spirit of Family" for its line of jeans and sportswear.

Unlike the other jeans manufacturers, Gitano is also a sportswear company for the whole family. In jeans, Gitano offers lines ranging from little girls jeans, which are called E.J. Gitano; Gitano Express targeted toward teens; and misses jeans, which are P.S. Gitano. The P.S. Gitano line is sized from petite to maternity.

The media campaign is targeted primarily at the mom and teenage girls of the family, using print and five 30-second and two 15-second tv spots. Total Gitano brand advertising during the 12 months ended June 1990 was about $4.8 million, according to LNA. Ad spending for jeans, according to LNA, was $53,000. Gitano says these figures are low, but would not comment on how much was spent during the period.

Gitano launched an $8 million brand campaign for the July, August, September and October season. All the new ads stress family. "It's extremely wholesome, and targeted toward the younger market, girls and guys," says Amodeo.

Amodeo says he's running "commercials geared toward moms" primarily on soaps. Prime-time shows include *MacGyver*, *Roseanne*, ABC Monday Night Movies and *The Simpsons*. "We're on shows that really run the gamut, because *we* really run the gamut," he explains.

In August, Gitano started a radio campaign targeting the youth market called "Singing the Blues." For this promotion, teenagers called into an 800 number to sing their summertime blues. This fall, the best, or possibly the worst, will be chosen, and the winner will get a trip. The 60-second radio commercials for the contest ran on youth-oriented pop/rock stations. ■

COUNTERPOINT

POLL

TARGET: MINORITIES

PRO All marketing is targeted. One does not advertise in Denver a product sold only in Philadelphia. Neither does one market air conditioners to igloo dwellers, nor hair conditioners to the bald. There is no such thing as "the average American consumer." In the real world, people are different. And some of the things that make them different are age, race, income, interests, geography and the communities in which they live.

Successful marketing in today's highly competitive environment means knowing exactly who your consumers are, being familiar with their needs, tastes and preferences and designing products and marketing campaigns that appeal directly to their sensibilities.

Seen in this light, all consumers are members of some "minority" group, and "minority marketing" is the only kind of marketing there is — marketing designed to appeal to audiences with specific tastes, interests and demands. All consumer product companies do it. Indeed all businesses do it because it is the only way to sell products or services.

While marketing cigarettes has as little to do with a person's decision to smoke as marketing cars does with one's decision to drive, it has a lot to do with what brand consumers who already smoke choose to buy. We seek to understand the preferences of smokers in a particular market, then tailor our campaigns to meet those demands.

Should marketers of controversial products be able to address minorities?

At Philip Morris U.S.A., we do not "target" African-Americans, Hispanics, women or anyone else. But we do attempt to reach smokers in each of these audiences. Approximately one-third of adults in the United States choose to smoke — and we want all of them to smoke our brands, regardless of race, gender or geographical location. Our marketing efforts stem from a policy of "inclusion"; we include all adult smokers in our consumer universe.

Our opponents, by comparison, are often motivated by policies of "exclusion." They are not opposed to marketing in principle. But they want to exclude women and minorities from the consumer universe as far as tobacco is concerned.

Why are these people so upset when we advertise our perfectly legal products in minority publications and neighborhoods? We believe the answer lies in a lingering paternalism.

When anti-smoking groups complain about tobacco marketing to women and minorities, it is because they equate women and minorities with children. They believe women and minority group members require special protection from cigarette advertising because they are somehow more susceptible than white men.

Philip Morris believes that all adults, regardless or race and gender, are capable of making an informed decision about whether or not to smoke. We believe adults, whether women or members of a minority group, are capable of full participation in the marketplace.

Thirty years ago, when television was relatively new, advertisers really did try to market their products to that mythical "average" consumer. He was male and white (except when the product was laundry detergent) and looked like a cross between the Arrow Shirt Man and Ward Cleaver.

In the '60s, when minorities began picketing companies to get more representation in ads, far-sighted companies like Philip Morris were already advertising in the minority press and using minority models. At the same time we were praised for our vision. It is ironic that today we are being criticized for the same policies of inclusion and equality that have always guided our marketing philosophy.

John R. Nelson, Jr., is vice president corporate affairs, Philip Morris U.S.A., New York.

CON Tobacco is associated with sex and success, two things that advertising has used to sell products over the past 50 years. Yet most Americans have become more aware of the health problems associated with tobacco and are quitting as a part of an effort to lead healthier lives. To survive this trend of increased health consciousness, the tobacco industry has diversified and identified new markets. Enter Hispanic America.

The Hispanic community, relatively ignored by major advertisers, conservatively represents $134 billion in purchasing power. By the year 2000, this figure will reach more than $240 billion. This community is especially vulnerable to cigarette advertising because, until recently, few health campaigns have been targeted towards Hispanics. Moreover, most national Hispanic organizations do not focus upon health and would welcome funding from the tobacco industry.

These factors create a market ripe for harvesting. Consequently, we see the Marlboro man galloping across a center spread in an edition of *A Guide to Hispanic Organizations*. Winston is declared the brand of choice in *Hispanic* magazine. Samples of Dorado cigarettes are passed out on the streets of Hispanic neighborhoods. And at national Hispanic conferences, banners from tobacco companies are displayed with bravado while tobacco products are freely distributed.

Some characterize these examples as freedom of speech, good advertising and a smart move on the part of tobacco companies to direct-market to the Hispanic community. To responsible persons with a conscience, however, these efforts are a serious affront and represent poor long-term strategy for an industry under siege.

Just as advertising at the general public has too often missed the Hispanic community, health campaigns including anti-smoking messages, also have missed large portions of the Hispanic community. The result is the promotion of tobacco use in a population inadequately informed of its risks. To promote the use of a dangerous substance that would never be allowed on the market today is both irresponsible and cynical.

It is also morally offensive that the tobacco industry had hidden behind the cloak of the civil rights movements to validate its Hispanic-targeted advertising efforts. This demeans the civil rights movement and its leaders. The industry's saturation of Hispanic America with claims about tobacco products is all the more reprehensible when combined with its self-serving promotion as the good citizen of the Hispanic community.

A prediction: While in the short-term, targeted tobacco advertising will achieve its purpose of increased sales, in the near future, the Hispanic community will receive more health-oriented messages and will respond in a rational manner, just as it has done in the past. It can be expected that Hispanics ultimately will turn off tobacco advertising and will avoid tobacco products, just as the rest of the U.S. population is now doing.

Jeanne E. Lukas is senior vice president of U.S. Communications, Minneapolis.

POLL And you thought ad agency people were partisan! Research USA, Chicago, found media planners and buyers rather unsympathetic to tobacco and alcohol advertisers. The surprising result: almost 40% believe tobacco advertising should be altogether banned. They were more tolerant of alcohol advertising, with 22% saying it should be banned. Research USA found the same group split on whether tobacco and alcohol marketers should cut back their outdoor advertising in minority communities.

1. Do you feel that tobacco and alcohol are disproportionately pitched to minorities? (Base = 145)

Yes	35.2%
No	64.8%

2. Should tobacco and/or alcohol marketers voluntarily cut back on the amount of outdoor advertising they run in minority commuunities?

Tobacco:	
Yes	51.4%
No	48.6%
(Base = 148)	
Alcohol:	
Yes	49.7%
No	50.3%
(Base = 147)	

3. Does your agency have a tobacco or alcohol account that markets to minorities? (Base = 144)

Yes	20.8%
No	79.2%

4. What percentage of its budget is aimed at minorities? (Base = 28)

1%-4%	39.3%
5%-9%	28.6%
10%-14%	10.7%
15%-19%	3.6%
20% or more	17.8%
Average: 10.2%	

5. Does your agency have a division that specializes in minority marketing? (Base = 147)

Yes	19.0%
No	81.0%

6. What percentage of your agency's billings goes to minority marketing efforts? (Base = 127)

None	38.6%
1%-4%	34.6%
5%-9%	18.1%
10%-14%	5.5%
15%-19%	1.6%
20% or more	1.6%
Average: 3.5%	

7. Should tobacco and/or alcohol advertising be banned?

Tobacco:	
Yes	38.4%
No	61.6%
(Base = 146)	
Alcohol:	
Yes	21.6%
No	78.4%
(Base = 148)	

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